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WEST EUROPE

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SCHLUTER'S PROPOSAL LAUDED BY SDP'S AUKEN**New Situation for Schluter**

Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 87 p 12

[Commentary by 'Monitor']

[Text] Next election day--whether it comes early or late in the election period--the voters will have to take a position on a government which dared make a move and was subsequently outvoted. At that time, the government will thus be both in power and in opposition, as Bertel Haarder put it, viz. in opposition to the majority of the Folketing, says 'Monitor' in an evaluation of the political situation at the start of the Folketing session.

"The elections to the Folketing on 8 September caused a distribution of seats which will mean a big responsibility for all parties that want Denmark to pursue a moderate policy that will unite the middle parties."

This was Prime Minister Poul Schluter's message to the newly elected Folketing 2 weeks ago.

And the following statement was made by Foreign Minister Uffe Ellemann-Jensen at the national congress of the Liberal Party 1 week ago:

"We do not want to become so center-seeking as to become spineless."

The two somewhat contradictory statements from the chairmen of the two largest coalition parties show the dilemma of the government, which undoubtedly will also be reflected in Prime Minister Poul Schluter's opening speech tomorrow--a dilemma that cannot be expressed better than in the words of Minister of Education Bertel Haarder: "The coalition parties will now have to learn to be both in power and in opposition."

The coming three months may confirm that the Four-Leaf-Clover government is in the same situation as the Danish flag: it performs best when it is up against a strong wind--by Liberal politicians called the "spirit of 1982."

However, will it be possible to recreate the 'spirit' and not least the voters' vision of the government's ability and willingness to govern as a nonsocialist government in the coming months?

First, the situation is entirely different today than 5 years ago--for example, the economy is in a much better state. Second, the government will no longer be able to blame its predecessor for everything.

In addition, unlike the situation in 1982-83, the government cannot make the threat that if it is overturned, the result will be a total parliamentary chaos. It has to be admitted that there are other possibilities of minority governments than the present one. For the opposition may say with a certain amount of justice that if the government has got problems, it is free to step down--give up!--the way Anker Jørgensen did it in the fall of 1982.

Another question is whether internally, within the government, there are adequate forces for further showdowns with a stubborn opposition--a Radical Liberal Party, which sets great store by "freedom," and a Social Democratic Party, the newly elected chairman of which is tired of the freedom in opposition and therefore wants the government power which may immediately cement the absolute power of the new chairmanship within the Social Democratic Party that is in a state of crisis.

The government's ability to stick together might have been expected to have become somewhat eroded, and the heated discussions on the causes of the election defeat and the most recent ministerial changes might have been expected to have ruined the good atmosphere. However, it is amazing to find that the union within the government is as great as in 1982. That is to say, anew!

Last spring, the coalition parties witnessed with horror the effects of internal disputes. It became a lesson that they have learned from. And don't forget: after the recent election, it is rather widely agreed within the government that the cause of the election defeats of the Conservative Party, the Liberal Party and the Christian People's Party certainly was not loyalty--or the lack of it.

The four government parties have learned throughout the seventies and not least in the course of the last 5 years that to each of the parties there is no tenable alternative to the nonsocialist cooperation. Neither the Liberal Party (with the pure Hartling government and the Social Democratic, Liberal coalition government), nor the two small coalition parties, the Center Democrats and the Christian People's Party (with many crisis agreements with the Social Democrats until 1982) have in the long run gained influence and support among the electorate by failing the nonsocialist cooperation. And the experiences should also frighten the leading Conservative politicians, who used to talk about a cooperation between the Social Democratic Party and the Conservative Party.

One thing that the four parties may learn from the election defeat is, unquestionably, that a center-seeking policy will not by itself pay off on the election day. The fate of a nonsocialist government will, to a greater extent, depend upon the content of the policy pursued than the constellation behind the policy. The government lost the election, not because it cooperated

too little with the Social Democrats or too much with the Radical Liberals, but because the results were far too poor--in the eyes of many nonsocialist voters.

The government may claim--and rightly so--that the judgment of the voters was unjust, that the actual policy pursued was good enough, but that does not change the outcome. The government may also--and that is indisputable--refer to the fact that it was outvoted on important issues and therefore did not have the possibility of pursuing a sufficiently tight economic policy. However, once again--that did not count on the election day, because the government had neglected to draw the attention to the areas where it had been outvoted. Directly in the Folketing hall or indirectly in negotiations with the Radical Liberal Party.

The Radical Liberal Party has now stated officially that it wants to have free reins toward the government. However, this is not a new state of affairs. In countless situations, the Radical Liberal Party has done exactly what suited the party. It is hard to visualize that it may be at greater liberty in the coming session than in the previous one. Take the SU [expansion unknown] reform as a clear example of the freedom of the Radical Liberal Party--also in the area of the fiscal policy.

What is new in the situation compared to the situation existing before the election is that the Progressive Party has again become the party holding the balance and--but that is not a new situation--that the Radical Liberal Party refuses to have anything to do with the Progressive Party. In other words: the new aspect of the situation is that the government, parliamentarily, is back where it started 5 years ago--with the exception that there is now an alternative to the government: a Social Democratic minority government.

The government can no longer act as if it is a majority government--as long as the Radical Liberals support the government's proposals. The lack of a majority means that the government is now forced to present its proposals for open debates in the Folketing.

"No firm agreements with any parties outside the government circle were entered into prior to this government formation. All parties are free and may take a position on the government's proposals from case to case," the prime minister told the newly elected Folketing.

That may not be too bad. That will make it easier for the public to see what the objectives of the government will be--and on which items it will be outvoted in the Folketing. "It means that the government has the same freedom," as Poul Schluter put it--the same freedom to stress pure standpoints as all other parties. And in relation to the statement made by the prime minister, the statement by the foreign minister to the effect that the Liberal Party will not become so center-seeking as to become spineless, appears far less contradictory.

At the next election--whether it occurs early or late in the election period--the voters will have to take a position on a government that has dared to

make a move and which was subsequently outvoted. The government will thus then be both in power and in opposition, as Bertel Haarder put it, that is to say, in opposition to the majority of the Folketing. And--as already indicated--that may not be a bad situation.

It goes without saying that the government will have to test the new responsibility which Svend Auken, the new leader of the Social Democratic Party, says that he will emphasize. What does he mean, for example, when writing in BERLINGSKE TIDENDE last Saturday that the new Social Democratic leadership is ready to seek a new dialogue with the Danish trades and industries? And when he writes that the Social Democrats want to participate in the discussions on the content of the budget on an equal footing with the other parties? Does he have in mind the Socialist People's Party, with which he is attending a study group? Or does he have in mind the Radical Liberal Party which, he says, he has decided to like?

The truth probably is that Svend Auken is badly in need of an agreement with the government that may substantiate his responsibility. There are several possibilities: The export package, the defense budget and the national budget. In any circumstances, it is important for the government not to give him this, or perhaps these, agreements at a too low cost.

Take the export package as an example: It would be unfortunate if the government's proposed tax relief for the trades and industries would have the effect that the Social Democrats will request several billion kroner for what they refer to as social recovery in return for giving their support to the export package. The responsibility of the Social Democrats would not be tested in this way. On the contrary. And such a solution will not contribute to any improvement of the Danish economy. More so to the contrary.

It therefore is important for the government in the coming months not to be so anxious for so-called broad solutions that this may delay the economic recovery.

And with the elections to the Folketing on 8 September fresh in our memory, a new election cannot be regarded as a threat.

To the government, things ought only to go better.

Opening Speech Stresses Economy

Copenhagen BERLINGSKE TIDENDE in Danish 7 Oct 87 p 4

[Text] Prime Minister Poul Schluter's opening speech took up 18 typed pages, but in addition to the quoted items in the report on the opening of the Folketing on this page, we here quote excerpts of the prime minister's opening speech.

In the first phase, the government will immediately present a number of bills in support of the competing trades and industries. We propose that the liquidity position of the export enterprises be eased considerably by way of an improvement of the VAT arrangement for exports. That tax exemption be introduced for export promotion subsidies. That the taxation for export

workers be eased, and that funds already invested in investment funds may be released for export promotion schemes and for research and development. We will subsidize research and development by granting a 125 percent deduction for enterprises participating in specific international research projects. We propose deductions for basic research and better depreciation regulations for investments by enterprises in new plants and machinery. The proposed tax reliefs will result in a total cost reduction of 2-3 billion kroner. That is equivalent to an improvement of the competitiveness for the export industries corresponding to 3-4 percent of the total amount of wages.

The government will next, as the second phase, present a proposal for a revision of the social contributions of employers, whereby the wage costs of the competing enterprises will be reduced by another 5 percent.

The effect of these initiatives, however, will be of short duration if further wage increases will anew undermine the competitiveness. For this reason, before presenting its proposal, the government will invite the parties in the labor market to negotiations with a view to finding a tenable solution jointly.

We want an agreement with the parties of the labor market which will ensure the enterprises complete competitiveness at the start of the second half of the 4-year agreement in March 1989. This requires that the government's proposal for improvement of the competitiveness be followed up by initiatives which will cause the productivity within the trades and industries to increase and wage increases to be kept below those abroad. We will invite the parties in the labor market to negotiate these items in the month of November.

It will raise big perspectives if, as the third phase, we may enter into a tripartite agreement which, in the second half of the 4-year agreement will ensure a further improvement of the competitiveness and will increase private savings.

The government is prepared to negotiate with the parties in the labor market for a pension savings scheme for groups which today have no pension schemes in order to avoid that major discrepancies develop in the living conditions of pensioners in the future.

The government is also prepared to discuss the very wage developments in the second half of the 4-year agreement. The parties have already agreed upon a further reduction of the working hours with full wage compensation. That will increase wage costs. If, at the same time, we are to expand the pensions savings scheme, there will be no scope for general wage increases if our competitiveness is to be improved.

An improved competitiveness and a higher savings rate may render a tax reduction feasible and warranted. The government is therefore prepared to enter into a binding tripartite agreement as of 1 March 1989, combining increased pension savings with tax reductions. A tripartite agreement of this content will at once contribute to solving the economic problems and will be the best guarantee for economic progress, also to the individual wage-earner.

I therefore hope that the idea of such actual tripartite negotiations will be appreciated by the parties in the labor market.

At the same time, the government intends to pursue an active and progressive industrial policy.

The government wants a modernization of the depreciation regulations. There is a need to simplify and to reevaluate the principles of devaluation in the light, among other things, of the technological development. The government will take the initiative for negotiations with the tax reform parties with a view to simplifying the depreciation regulations and render them more up-to-date.

We will stimulate the product development and the general technological developments, among other things, by launching a number of major research and industrial projects in advanced enterprises and research institutes.

We aim at the increased use of development contracts in areas where the public sector places large orders.

We will prepare the cessation of the double taxation of share profits that was agreed upon in conjunction with the tax reform. We wish to ease the capital taxation of the productive apparatus of the trades and industries and to ease the regulations governing taxes and dues to be paid at the sale by the older generation to the younger generation.

Leaders Comment on Program

Copenhagen BERLINGSKE TIDENDE in Danish 8 Oct 87 p 17

[Text] Helveg Positive

Niels Helveg Petersen of the Radical Liberal Party is enthusiastic about the prime minister's opening speech. "It was extremely conciliatory. Even more so than I had expected. It is an invitation not only in words, but it also contains the needed concrete proposals and initiatives," Niels Helveg says.

The first test of the cooperation will take place when the government's export package will be dealt with, says the Radical Liberal leader, and on the tax reliefs, he says: "In principle, the idea is good, but I have not yet seen the model and therefore do not know the economic policy basis."

Auken Cryptic, Though Positive

"There was very little in the speech that one might object to as a Social Democrat. But there was even less than one would welcome." The comment made by the Social Democratic chairman, Svend Auken, was as cryptic as that. Even so, there were several positive features, says Auken. "The prime minister's boasting of former times was replaced by a more searching attitude, which becomes the prime minister," says Auken, pointing to the effort in the area of exports as a positive feature. "On the other hand, it does not appear credible for Schluter to talk about tax reductions in view of the fact that the tax

burden has increased sharply under the nonsocialist government." Auken points out that the Social Democratic Party is not part of the government's parliamentary basis. "But in concrete areas, we shall be willing to enter into a cooperation."

Socialist People's Party: Preparing for a Progressive Policy

"The opening speech reflects the government's failure, as far as its economic policy is concerned, and they are now resorting to a new emergency solution which resembles the measures advocated by Glistrup," says Gert Petersen, chairman of the Socialist People's Party.

"Schluter might as well have mentioned the Progressive Party among those he wants to cooperate with, because tax reductions are the Alpha and Omega of the recipe he now presents to rescue the Danish economy. But I cannot imagine that the Social Democratic Party will support Glistrup's policies."

Progressive Party Remaining Independent

The Progressive Party did not find much to be happy about in the opening speech.

"It is quite clear that the prime minister is ready to subject himself to the Social Democrats and the Radical Liberals if by doing so he may hold on to his post of prime minister," says Mogens Glistrup. The only positive feature he was able to find was the fact that the prime minister concluded his speech with the words "Long Live Denmark!"

Pia Kjærsgaard does not take as negative a view of the prime minister's speech. "However, the consequence will be that the Progressive Party will become as independent of the government as the Radical Liberal Party," she said.

Joint Course Bored

"There was much talk and little substance. I have rarely been as bored," says Jørgen Tved, deputy chairman of Joint Course. "The prime minister held out the promise of tax reductions in connection with wage restraints. I do not have much confidence in that. After all, municipal taxes have already been raised by an average of 0.4 percent. Nor did he say a word about social recovery," says Jørgen Tved.

Paper on Schluter Program

Copenhagen BERLINGSKE TIDENDE in Danish 8 Oct 87 p 16

[Editorial: "Three Parties and Three Phases"]

[Text] The government has made a most untraditional move, both in respect of the trades and industries and in respect of the parties in the labor market. Not only will the government carry through its hitherto most marked improvement of the competitiveness by way of quick measures, equivalent to 8-10 percent

of the wages. But to ensure this result and its continuation in the second round of the 4-year agreement period, in his opening speech, the prime minister has invited the parties in the labor market to a direct cooperation, with a view to the possibility of a binding agreement.

The reaction of the labor market has been forthcoming, though at the same time rather reserved. The government's invitation, however, is a wise move, and the division of the effort in three phases, progressing from the easier to the more difficult phase is also wise. For it is important to get started and gradually get things moving.

The first phase, the export package, which incidentally requires the cooperation of the labor market, has been so favorably received by the politicians that, on the whole, it should go rather quickly through the Folketing. In November--a well-chosen point of time--the second phase, however, will start, when the government and the labor market will have to agree on a revision of the social contributions of employers with the clear aim of easing the conditions of the export industries. The proposal on which the government is working is elegant, and it would be a shame if it should be obstructed.

However, the problem will, of course, become worse at the transition from the second to the third phase, where the government will anew adopt the incomes policy, proposing tax reductions instead of wage increases while discussing a broader pension savings scheme.

Despite the sympathy on the part of the enterprises, the tax reduction proposal may very well founder on unwillingness on the part of both of the labor market parties. It is found in employers' organization quarters that with the reduced working hours, they have already paid once for the access to greater wage control. The employers, however, now have to show that they are able to provide this wage control, and it therefore is a good thing that the tripartite wage negotiations may wait for a while.

The fear on the part of the employers that they may have to pay once more and thus eternally is, indeed, well-founded since the Federation of Trade Unions and the Social Democratic Party want something entirely different from tax cuts. They demand forced profit sharing and investment regulations, which will give access to both cost-of-living funds and pension funds for a determining influence in the enterprises. If the Federation of Trade Unions is to conclude binding agreements, the ideological payment for this may be a different society. That is why the government ought to consider the matter thoroughly and set its limits.

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COLUMNIST DOUBTS AUKEN TO BE 'LEFT WING'S MAN'**Broad Security Policy Consensus**

Copenhagen BERLINGSKE TIDENDE in Danish 2 Oct 87 p 10

[Commentary by 'Monitor']

[Text] The left wing of the Social Democratic Party will be gaining a victory in the election of a new generation of party leadership. However, it is far from certain that Svend Auken as party chairman will turn out to be the 'left wing's man.' In fact, not least in recent years has Svend Auken been hesitant to provide clear signals on his actual positions. This is the opinion of 'Monitor' in conjunction with the election of another generation of party leaders within the Social Democratic Party, which is expected to be completed tomorrow with the election of former Minister of Labor Svend Auken as the next party chairman.

The leadership problem of the Social Democratic Party has been solved for the time being. It is not certain, however, that the leadership problem has been solved in the long run, since Svend Auken is faced with an extremely difficult task. The Social Democratic Party is a party in a state of crisis, and it will soon turn out that the crisis is not merely a leadership crisis.

No new Social Democratic party chairman has taken over the party on the basis of such a low rate of support among the electorate and after such a long absence from the government power since Stauning's takeover of the leadership in 1910. The difference between 1910 and 1987, however, is that in 1910 the party was clearly gaining ground, it was supported by the structural development of the society. The same thing is not the case in 1987.

The expectations of Svend Auken, inside as well as outside the Social Democratic Party, are mixed. Poul Nielson, Auken's friend from his university years, warned Auken at an early stage that unless Auken made up his mind to become chairman for the entire party, he would never become prime minister. There are many skeptics outside the party as well. They wonder whether this child of the bourgeoisie, who by some people is regarded as rather opportunistic and oversmart, would really solve the leadership problem of the illustrious Social Democratic Party.

Auken's consolation will be that the expectations of Stauning, when he took over the leadership in 1910 following an election struggle within the executive committee, also were rather modest. Contrary to the expectations, Stauning soon proved a determined and strong party leader.

What kind of a chairman will Svend Auken prove to be for the Social Democratic Party? What will be the effect of the change of chairman on the position of the Social Democratic Party in relation to the other parties? Apparently, the answer is evident. It is generally held that it is the left wing of the Social Democratic Party that has won the internal power struggle. Erling Olsen, Mogens Lykketoft, Poul Nielson and Bjørn Westh of the 'Olsen gang' have not been able to obtain a foothold for themselves. Poul Nielson was even told by the new chairman that "he does not know the first thing about politics." It is remarkable that Mogens Lykketoft and Erling Olsen, both of whom would have been obvious candidates, were passed over in the election of the budgetary spokesman. The party chose instead former Minister of Interior Henning Rasmussen, who in his national policy career has become better known for his attention to detail than for a broad outlook.

The picture of a victory on the part of the left wing is reinforced by the external reactions to Auken as party chairman. The Radical Liberal Party does not conceal the fact that the party finds that the Social Democratic Party is about to elect the wrong party leadership. Poul Schluter has stated on an earlier occasion that he could visualize Anker Jørgensen as prime minister anew but that he dreaded the idea of Svend Auken taking over that post. The Socialist People's Party apparently is the only party to fully welcome Auken's chairmanship.

Against that background the question arises whether the Social Democratic Party under the leadership of Svend Auken will be certain to cooperate closely with the Socialist People's Party and reject any cooperation across the center? That question is actually more difficult to answer than might be concluded on the basis of the idea of a victory on the part of the left wing.

Actually there is little basis for placing Auken unequivocally in the left wing of the party. He was given that label in conjunction with his opposition to the EEC membership. One may still wonder what caused Auken to take a negative position. It is more in the nature of a subsequent rationalization, turning it into a purely opportunistic standpoint that might be used as a platform in his further career. At the time that Svend Auken became the Social Democratic opponent to the EEC, this was a doubtful, perhaps even a dangerous position with a view to one's further career. Positions deviating from those of the party leadership certainly had not till then furthered a person's career within the party.

Svend Auken's position certainly was not based either on the shallow, sickening nationalism that marked and continues to mark much of the opposition to the EEC. By virtue of his social background, among other things, Svend Auken received a thorough and broad education, including several stays of study abroad. This provided him with a good knowledge of foreign languages as well

as an international outlook, which is hardly compatible with the main tendencies of the Danish opposition to the EEC.

It is perhaps this background that underlies Svend Auken's endeavors of recent years to recreate a broad security policy unity. It is clear that in this area he has endeavored to reestablish the position of the Social Democratic Party as a responsible party. This impression is reinforced by the apparent efforts to exert a restraining influence on Lasse Budtz under the leadership of Svend Auken.

His 'sense of responsibility' was furthermore reflected in conjunction with the EEC package in the now very famous commentary in POLITIKEN a few days prior to the definitive rejection of the package on the part of the Social Democratic Folketing group. In the said article Svend Auken dealt with the issue in such a way as to facilitate a Social Democratic acceptance of the package.

In the foreign policy area, Svend Auken has of recent years clearly been gravitating toward the center and has been 'responsible,' though he has not been willing to make a real effort if he encountered serious opposition within the party. This may be interpreted as opportunism, it may also be interpreted in a less dramatic fashion as the conduct of the future chairman who does not want to alienate large groups prior to his election. Once elected, he may want to give greater impetus to his political standpoints, as was the case with Stauning after his election.

Of far greater importance to the cooperation within the Folketing will be Auken's position on the crucial domestic policy issues. In this area, it is far less clear what Auken's exact position is in relation to the two wings of the Social Democratic Party. Will he lean toward the Socialist People's Party, which would preferably use the national product twice, or will he adopt a realistic economic policy like the one pursued by Per Hækkerup? In actual fact, Svend Auken has not taken a clear stand on these issues during the opposition years. He has a somewhat bad reputation with regard to economic policy realism and responsibility from his time as minister of labor. In the final phase of the Anker Jørgensen government, he did not bring in the wing that would help carry through the necessary tightening of the economic policy.

Auken's views as minister of labor, however, need not reflect any basic standpoints. They may have been determined by the situation and by his role. A game is always taking place among the appropriate ministers, especially with the minister of finance, on the economic policy and the expenditure policy. The role of a young and energetic minister of labor in a Social Democratic government is fairly well defined. The situation may become entirely different when the same minister is placed in a ministry with a wide-range as well as a superior responsibility.

The fact that Auken has been hesitant to provide any clear signals as to his position in relation to the wings of the Social Democratic Party may be an indication of the persons with whom he surrounds himself and the persons to whom he listens. His leadership style will, undoubtedly, deviate from that of Anker Jørgensen, who often acted as the lonely wolf. Auken will probably

to a far greater extent, delegate the work and base himself on teamwork. In this context, it may give rise to concern that the economic policy heavyweights within and around the Olsen gang do not belong to the inner circle of Svend Auken; compare the fact that the anonymous Henning Rasmussen became budgetary spokesman.

From among the group in Svend Auken's confidence may be mentioned Jacob Buksti, who is Auken's long-time colleague and currently chief of the analysis department of the Social Democratic Party, Agner Ahm, chief editor of the daily POLITIKEN, and not least Poul Nyrup Rasmussen, director of the Wage-Earners' Cost of Living Fund and former chief economist of the Federation of Trade Unions as well as the future deputy chairman of the party. This is not a question of a mere collection of left-wing politicians, aiming at upsetting the society. To this comes that the 'national policy tactician,' Jens Risgaard Knudsen, was Auken's much admired teacher in the high-level parliamentary game of tactics back in the seventies.

A common feature of most of them is their close relations to the Federation of Trade Unions. There is no doubt that the party chairman, Svend Auken, will attach great importance to the advice and opinions of the Federation of Trade Unions. In this context, the problem will be that, at present, the Federation of Trade Unions speaks with many voices. Will he listen to Georg Poulsen's proposal (inspired by the Swedish Federation of Trade Unions) of tax cuts instead of wage and salary increases, or to Hardy Hansen's less clear and discursive ideas?

Altogether, a center-seeking economic policy cannot be ruled out, even if it is unlikely under the present parliamentary conditions, where the temptation to act as opposition in the economic policy area is too great. But what about other parliamentary conditions, for example, in the form of a Social Democratic minority government; will Svend Auken then be in a position to establish a cooperation across the center?

The most recent political story has taught us once again that the personal relations among politicians may play a role. In this context, the flippant and polemic Svend Auken may easily be wrongly evaluated. For although he may be both flippant and polemic, he is actually also an extremely intelligent, charming and unaffected person, who is easy to get on with. He is one of the few Social Democrats who has a good personal relationship with Uffe Ellemann-Jensen. It is true that the Liberal Party is not the most likely cooperation partner. His relations with, for example, Erik Ninn-Hansen of the Conservative Party are also good. Auken's problem is that he has less good relations with the leaders of the Conservative Party and the Radical Liberal Party.

If Auken's chairmanship does not become a mere interlude, the possibilities of its development are quite open. A cooperation across the center may not be ruled out entirely in the somewhat longer run. The question is whether Auken will prove strong enough to refrain from choosing only the solutions which at the moment are the easiest ones. In short, whether the skeptics will be right who claim that he is at his best when things go well or whether, like Anker Jørgensen, he can also cope with hardship. Auken has been favored by fortune and

unlike other Social Democratic leaders, has not had to struggle to reach his present position. That gives a somewhat different background to his ability to function as party leader. Only time will show whether the difference will be felt in practice.

Paper on Auken Chairmanship

Copenhagen BERLINGSKE TIDENDE in Danish 2 Oct 87 p 10

[Editorial: "The Confidence, and Another One"]

[Excerpts] The story on what was to have been 'the election' of Anker Jørgensen's successor(s) continues to develop with funny, little twists. Each day things happen that cause people to smile!

The election of Svend Auken has encountered minor as well as major difficulties in a funny mixture. The statement by Mrs. Weiss, deputy chairman of the Social Democratic Party, to the effect that she had been stabbed in the back by the party leadership causes people to smile. And practically everybody laughed when ALBERTSLUND-POSTEN printed the revealing statement that Svend Auken became party leader only when Svend Jakobsen declined to accept the nomination. And still, the second best choice may, of course, be good enough!

And then there is now Anker Jørgensen's campaign on the phone against Arno Norske! The Social Democrat who wants to become a candidate in competition with Svend Auken, the Social Democrat who dares speak up when others remain silent.

Anker Jørgensen told RADIOAVISEN that Arno Norske could not be elected, one of the reasons being that he would not be able to become the "parliamentary leader" that the chairman of the Social Democratic Party had always been.

It is quite true that Norske is not able to become the "parliamentary leader" because he is not a member of the Folketing. But is Svend Auken able to do that? Is it not true that Ritt Bjerregaard--as the group chairman of the Social Democratic Party--was elected the "parliamentary leader."

The funny situation probably is not over! It will be interesting to see whether Ritt Bjerregaard will yield part of her power to Svend Auken, if only briefly, even if he has been elected chairman of the party. She probably will know how to act as parliamentary leader. In every respect!

7262
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DENMARK

POLITICAL

FAROE ISLANDS POLITICIANS DEBATE NATO ROLE AFTER SHIP VISIT

Reykjavik MORGUNBLADID in Icelandic 29 Jul 87 p 24

[Article by Snorri Halldorsson, MORGUNBLADID correspondent in Thorshavn:
"Political Conflict Imminent in the Faroe Islands"]

[Text] Full of hope, the Faroese people begin the Olafs-week festival today. Several hundred varieties of entertainment will be available for the thousands of people, young and old, who participate in the festivities. Around 11 am today, parliamentarians will march from the Logting [Faroese Representative Council] building to the ancient Hafnar Church where they will attend a service before the opening session of parliament. This parliamentary meeting will definitely be different from the usual parliamentary meetings.

The fact is that many of the coalition parliamentarians have recently, overtly and covertly, expressed their dissatisfaction with the government's attitude in connection with the visit of the U.S. frigate USS McCLOY earlier this month. Many people are waiting anxiously to learn whether Atli Dam, prime minister of the Faroe Islands, will in his introductory speech mention the highly sensitive security affairs and the membership of the Faroe Islands in NATO.

It is now clear that the government granted permission for the frigate to come to Thorshavn. Later, the government did not want to admit this when it came to light that the frigate might be carrying nuclear weapons. If that was the case, the ship's visit was a violation of the 1983 resolution of the Logting in which the Faroe Islands are declared a nuclear free zone.

It is especially the Christian People's Party which has criticized the government's actions in the matter. The party's chairman, Tordur Niklassen, has said in an interview that the government behaved like careless boys during the frigate's visit.

In the program policy of Niklassen's party it is clearly stated that the party supports the membership of the Faroe Islands in NATO, and it is perhaps therefore that the party chairman feels that the frigate did not receive the appropriate welcome. Niklassen also wants to have it spelled out clearly what other possibilities the other parties in the coalition suggest in place of support for ATO.

Niklassen's party colleague, Nils Pauli Danielsen, who is a member of the government, wonders about all the ado the frigate's visit has caused among the other parties. He says that the government granted a permit for the frigate visit with 1 month's advance notice and there was nothing else to discuss about this matter. In an interview, Danielsen says that his party will make an inquiry at the parliament session that is about to begin. He wants to know whether a new policy in the country's security affairs has been approved. He also says that if the plan is to work against NATO, his party will not approve of that and will resign from the government cooperation.

"We support peace and we feel that peace is best preserved by membership in NATO. It is therefore that we want to get clear answers to what views the government and the government parties have in security affairs," says Danielsen.

The chairman of the Independence Party is also shocked over the behavior of the government, and in the newspapers today, he apologized to the crew of the frigate for the reception they received. The aforementioned Tordur Niklassen has also sent the U.S. Embassy an apology and the Embassy will see to it that it will be sent to the crew.

The government opposition of the nonsocialist parties has, of course, also strongly condemned these negative reactions of the government, and it has also severely criticized the deceitfulness of the government's behavior. Consequently, there are many indications that political debates will be intense in the Faroe Islands in the near future.

All the parties want to be in good position before the elections to the Danish parliament in November. (The Faroese have two representatives there.) The elections will conceivably show the voters' opinion on the government's work. Although it will not be the final conclusion, it will at least be possible to detect some indication from the results.

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KIVISTO, KAJANOJA LAUNCH PRESIDENTIAL CAMPAIGNS**Kivisto Initiates 'Movement 88'**

Helsinki HELSINGIN SANOMAT in Finnish 10 Oct 87 p 15

[Article: "Kivisto and Kajanoja Put Forward as Candidates"]

[Text] Movement 88, which backs Governor Kalevi Kivisto of the Finnish People's Democratic League (SKDL), has gathered 51,000 voter signatures. Kivisto's supporters believe that by next week they will have nearly 60,000 signatures.

Kivisto's backers delivered the second batch of signatures to the central board of the Helsinki electoral district on Friday. A person must gather at least 20,000 signatures to be a presidential candidate.

At the same time, organizers of Kivisto's support movement declared Kivisto an official candidate for the presidency. Submitting the candidacy papers were city councilman Eero Haahti (Greens), representative for Movement 88; SKDL chairman Esko Helle, deputy representative; clergyman Ilkka Turkka, campaign manager; and Anu Karlsson, public relations officer.

Announcement of the support movement, Kivisto's consent to become a candidate, and a promise to accept the office of president were in the Kivisto papers. Appended was Kivisto's civil-register excerpt, which had been granted by the register office of the Jyvaskyla judicial district.

Candidacy papers for Jouko Kajanoja, presidential candidate of the Democratic Alternative, were also delivered on Friday.

A coterie led by Kristiina Halkola, party chairman, and Ensio Laine, parliamentary group leader, was on hand to put forward the Democratic Alternative's presidential candidate.

Kajanoja declared his willingness to be a candidate and, if elected, the president. Kajanoja also belongs to the civil register. The register excerpt was granted by the register office of the Helsinki judicial district.

Four presidential candidates were put forward by the weekend. Harri Holkeri of the Conservative Party and Paavo Vayrynen of the Center Party were put forward as candidates at the beginning of the week. Next Monday the Social Democratic Party and the Finnish Rural Party will submit the papers for their candidate, Mauno Koivisto.

Thursday of next week is the last day for putting forward candidates. The candidates' numbers will be drawn by lot on Tuesday, October 20. The presidential elections will be held the last day of January and the first day of February.

Democratic Alternative Issues Platform

Helsinki HELSINGIN SANOMAT in Finnish 10 Oct 87 p 15

[Article by Matti Virtanen: "More Men of the Future"]

[Text] The Democratic Alternative (DEVA) launches the campaign of its presidential candidate, Jouko Kajanoja, with a slogan which nowadays can be heard from the mouth of just about any politician: Open Doors to the Future. Harri Holkeri, presidential candidate of the Conservative Party, is advertised as a maker of the future.

DEVA will soon distribute to its supporters and to as many other persons as possible a rough draft of its platform, for which anyone may suggest amendments up until the beginning of December. The platform will not be changed after that.

There is, of course, more than just a fashionable depiction of the future in the rough draft of DEVA's platform. There you will also find somewhat old-fashioned communist language if you read carefully. But mostly there are new expressions in this style: "The old models of thought are inadequate when the situation changes."

According to DEVA, "new thinking also means elimination of the conflict between words and deeds."

The image of "conflict between words and deeds" may also arise, according to the platform's rough draft, from the actions of Finland's current foreign-policy leaders.

DEVA's worries about the future are directed primarily at Finland's "conservativization" and "submission to the process of Western integration." Riitta Pakaslahti, head of DEVA's information department, calls the phenomenon Westernization.

Foreign policy receives top billing in DEVA's platform because the present trend is needlessly passive and neutral. There are several demands:

Finland must submit a declaration for a nuclear-free zone to the other Nordic lands. Finland must set a good example for other countries by reducing its ground forces. Finland must join the technoscientific program of the Council

for Mutual Economic Assistance (CMEA). Finland could propose to the European Free Trade Association the establishment of relations with CMEA. We should begin to work together with the Soviet Union in high technology. Diplomatic relations with South Africa must be severed.

DEVA wants Jouko Kajanoja to be president so that "citizens in good standing can become the proprietors of an independent Finland in a world of cooperation free of nuclear weapons." According to the platform, the president should "submit his decisions openly for consideration by citizens and Parliament."

Right now Kajanoja's platform is a rough draft for which, in the coming weeks, citizens may propose amendments. A copy of the platform can be ordered from the DEVA party office. Opponents of the future and the new thinking still have their opportunity.

12327
CSO: 3617/3

HOLKERI'S PRESIDENTIAL CAMPAIGN SEEN IN DIFFICULTY

Helsinki HELSINGIN SANOMAT in Finnish 2 Oct 87 p 2

[Editorial: "Popularity and the Prime Ministership"]

[Text] Enough time has elapsed since formation of the Conservative/Socialist government to enable us to draw tentative conclusions about the impact of the prime ministership on Harri Holkeri's popularity in the opinion polls. So far it seems that the prime ministership has not been for Holkeri the extraordinary godsend on which his campaign committee bases its strategy, at least in part. After peaking out, Holkeri's popularity in the opinion polls seems to have stabilized at 12-15 percent, while support for the Conservative Party hovers around 23-24 percent.

With these figures he moves into the runner-up spot in the opinion polls, which may well be his principal goal in this winter's presidential elections. Holkeri's lead over Paavo Vayrynen is so slight, however, that you cannot count on it to hold up for sure, especially since the people appear to see the presidential elections purely in terms of personality and aptitude.

On the contrary, it seems as if there may yet ensue a fierce battle between Holkeri and Vayrynen for second place in the presidential elections. Evidently, the prime ministership will not be a particularly significant factor in the upcoming presidential elections, even though Holkeri has used his post to publicize himself on every possible occasion. Each of us has personally observed how not a day goes by without Holkeri at some press conference or in the mass media.

Heikki Jarvenpaa, Holkeri's campaign manager, has said that Holkeri does not really need to wage a campaign at this stage, because he is otherwise seen sufficiently in his official capacity. The climax of Holkeri's campaign—as well as Dr. Mauno Koivisto's—will be next year.

It is certain that Holkeri's campaign committee painstakingly analyzes the results of every opinion poll. The prime ministership brings its own pressures to Holkeri's campaign. It increases Holkeri's credibility as an aspirant to the country's highest office. As prime minister, he adds to his resume that government experience which was his weak point earlier. Nor is it inconsequential that Holkeri is considered the "president's man."

But the prime ministership also raises the level of a presidential candidate's goals: it is not a matter of indifference whether the prime minister comes in second, third, or fourth. Holkeri finished second in 1982, and this winter he cannot finish worse because now he is also prime minister. His credibility would suffer a blow in later elections if opposition leader Vayrynen, who misplayed his cards and got snubbed in this spring's government solution, pushed past him.

Holkeri's position in the double role of prime minister and presidential candidate is also made difficult by the fact that his hands are tied. As the president's man and the prime minister of a Conservative/Socialist government, he cannot wage a tough campaign against the president or be a staunch ideological alternative to the latter. While Koivisto's popularity among Conservative Party voters eats up some of Holkeri's support, it threatens to fall far short of normal Conservative Party backing.

Vayrynen, on the other hand, can campaign all around the country without similar restrictions. His position in the final stage of the election campaign will be improved by the fact that Center Party supporters are known to be the country's most party-loyal people. Opposition status may also solidify Center Party ranks, even though it seems at this moment that such a solidification will not particularly affect Vayrynen's popularity.

12327
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POLL SHOWS DECLINE IN SUPPORT FOR PARTIES IN RULING COALITION

Helsinki UUSI SUOMI in Finnish 4 Oct 87 p 10

[Article: "Popularity of Parties in Power Has Fallen; Finnish Rural Party and Democratic Alternative in Trouble"]

[Text] Support for the parties in power is now 2.3 percentage points lower than it was during the parliamentary elections, and the popularity of those same parties has fallen 4 percentage points since last spring. Particularly dissatisfied are Finnish Rural Party backers, one-fifth of whom have defected to other parties during the last 6 months.

A survey conducted by Economy Research, Inc., for the newspaper KESKISUOMALAINEN shows that in September, too, the Social Democratic Party (SDP) was the leading party and that the Conservative Party was second, nine-tenths of a percentage point behind. The popularity of both is now pretty much the same as during the parliamentary elections.

The party which has suffered the most significant loss is the Democratic Alternative, one-third of whose constituents have switched their support to other parties during the last 6 months.

The biggest opposition party, the Center Party, has reversed its downward trend of spring, summer, and early autumn, and with 17.5 percent support it is now nearly as popular as during the parliamentary elections.

According to the survey, the Greens are really on the rise: the 4 percent support they had in the parliamentary elections has now turned into 6.2 percent.

SDP Backers Now Most Loyal

The survey conducted in September also shed light on the voters' party loyalty. Over 90 percent of those who voted for the SDP, the Center Party, and the Conservative Party still keep ranks with their parties.

The party loyalty of SDP supporters is 94 percent, and that is the highest recorded figure of this decade, according to Hannu Ilkas, director of Economy Research, Inc.

PARTIES' SUPPORT (percentage)

<u>Party</u>	<u>Economy Research September</u>	<u>Parliamentary Elections 1987</u>	<u>Finnish Gallup April</u>
Social Democratic Party	23.9	24.1	24.8
Finnish People's Democratic League	8.8	9.4	8.1
Democratic Alternative	2.7	4.2	4.2
Conservative Party	23.0	23.1	24.6
Center Party	17.5	17.6	16.8
Finnish Rural Party	4.7	6.3	5.3
Swedish People's Party	4.9	5.3	5.9
Finnish Christian League	2.0	2.6	3.3
Liberal People's Party	1.3	1.0	0.6
Constitutional Right Party	0.1	0.1	0.2
Greens	6.2	4.0	4.9
Finnish Retirees' Party	2.0	1.2	0.7
Others	2.9	0.9	0.6
Parties in power	56.5	58.8	60.6

Had there been a higher turnout of voters for the parliamentary elections, the Greens, the Liberal People's Party, and the Finnish Retirees' Party would have benefited from it the most. On the other hand, the Finnish People's Democratic League, the Swedish People's Party, and the Center Party would have suffered if there had been a bigger turnout.

The survey released yesterday was conducted between August 28 and September 25, during which time the government announced next year's budget. Altogether 1,185 eligible voters were interviewed.

12327
CSO: 3617/5

RED-BLUE COALITION SEEN RESPONSE TO SOCIETAL MOVE TO RIGHT

Stockholm SVENSKA DAGBLADET in Swedish 27 Sep 87 p 7

[Article by Ake Sparring: "Struggle For Center Votes"]

[Text] Nonsocialist voters in Finland simply fortified their already strong position in the parliamentary election last March. It already became clear on election eve that the old Center-Left coalition or "the Red Faction" had played out its role. This meant that the Conservative Party's wishes had to be taken into greater account in the formation of a new government.

Even if the Social Democrats refused to play a subordinate role in a nonsocialist-dominated government, the only real alternative seemed to be a purely nonsocialist cabinet.

The Left's position was anything but enviable. The socialist parties gained only 76 of 200 parliamentary seats. The Social Democrats lost 100,000 votes, but were lucky in the distribution of parliamentary seats and retained their position as the largest party. The splintered Communists did not lose many votes but many more seats. The nonsocialist, but Social-Democratically aligned, Finnish Rural Party was almost cut in half. The Center Party did well in the election and so did the liberal Swedish People's Party. The Conservative Party, whose voters have doubled in the last two decades, gained fewer votes this time but many more seats. The Conservatives now hold only three seats less than the Social Democrats.

The election results did not mean that the Left had become powerless; with 76 of the 200 parliamentary seats, a united minority could thwart any major proposal until the next election, with exception of the budget. A nonsocialist government would be forced to negotiate with the Social Democrats on virtually all issues. This, however, would still not be the same as being part of the government. And should the Left continue to lose votes, which all indications suggested, it might not retain 76 mandates in the next election.

President Intervened

Big changes were under way when the president intervened.

The president, who can wield a great deal of power in the appointment of governments, had his own ideas about how the government ought to be structured. He asked former Conservative Party Chairman Harri Holkeri to study the possibility of a government made up of the Conservative Party and the Social Democratic Party as a base, supported by the Swedish People's Party and the Finnish Rural Party. Holkeri could have declined, but did not and succeeded in laying the groundwork for said government by 30 April. Social Democrats, the big losers in the election, were appointed to several important posts, including the Ministry of Foreign Affairs and the Ministry of Finance.

Few could have foreseen this turn of events. One might argue whether it was consistent with sound parliamentary procedure. With respect to the Center Party, which had served in all governments since the end of the war and was planning to have a leading role in this one, the outcome was catastrophic.

Few also believed that this government could last very long. If it did not fall in the wake of the January 1988 presidential election, it would certainly fall after the local elections later in 1988. Even in this coalition-government country, the blue-red alliance seemed unthinkable.

Koivisto Too Strong

The presidential election is still a few months away. The two main contenders will undoubtedly be the prime minister and the president in office, i.e. Mauno Koivisto. But there is no question of a real contention; sentiments for Koivisto are too strong. Assuming that Koivisto will win by a large margin, interest will be focused on the number two candidate. If Holkeri wins by a comfortable margin, this might be viewed as a good starting point for him in the 1994 election.

So far the government has functioned beyond anybody's expectations. Based on good cooperation, it has submitted its first budget and the voters are happy. According to the polls, both of the big parties have gained votes, particularly the Conservative Party. If an election were held today, the Conservative Party would be the nation's largest party.

There are several reasons why the coalition has worked so well up to this point.

Tyrki Vesikansa, editor-in-chief of the major Conservative-Party organ UUSI SUOMI, points out that "Conservatives and Social Democrats have worked together in big-city governments for many years. The government has been able to rely on a well-established tradition.

Furthermore, it has been important to both parties to show that this government was no passing fancy. The ability to form a government was advantageous to both the Social Democrats, who fared so badly in the election, and to the Conservative Party, which after 21 years as an opposition party not only became part of the government but was also honored with the prime ministerial post. The Conservative Party had been branded as "unreliable" by former President Kekkonen. It could hardly have cleared itself better than this."

There is complete agreement on foreign policy in Finland--one might feel a bit too complete at times. In this respect, Finland differs from most of the West-European nations. Were it not for agreement on foreign policy, the coalition would not have been possible.

But even so--is not the union of Social Democrats and Conservatives a union of fire and water? For decades, party supporters have ardently portrayed each other as demons. And, suddenly, they are now supposed to talk sweetly and amicably about each other.

Much In Common

Jouni Sarkijarvi, one of the Conservative Party's three vice chairmen, believes that this coalition will last because the Conservatives and the Social Democrats have much in common.

Unofficially, Sarkijarvi is the Conservative Party ideologue. He stresses that the Conservative Party is an ideological party. Its ideology is based on "individualism" and "pluralism." We humans differ and it is our right to develop according to our qualifications and desires. Equality means equal to begin with. But all citizens should be guaranteed a "basic security."

"Human relations have deteriorated in our industrial society and education has become subject to the demands of production. In our new technological society, work is no longer restricted to time and place. Given this new freedom, the individual has the unique opportunity to pursue "spiritual growth," which is the meaning of life." Some may think this sounds like a liberal freedom gospel. According to Sarkijarvi, the Conservative Party views liberalism as its main adversary.

On a more earthbound level, of course, the Conservative Party wants a free-enterprise market economy, but business should

exercise "social responsibility" and the market needs to be regulated.

The Conservative Party stresses traditional cooperation between the government parties as a basic feature of Finnish politics. It has bridged the differences between Right and Left, which is clearly positive. "A popularly elected government at its best is a government composed of all parties willing to shoulder government responsibility," according to one party tract.

One might reasonably conclude that the Conservative Party does not much favor a purely nonsocialist government.

A great deal can be said in an hour-long conversation. Much of what was said confused me. At the end of my conversation with Sarkijarvi I could not help ask "what is actually the difference between a Social Democrat and a Conservative?"

Without even a smile Sarkijarvi answered:

"There is no difference."

He added that this is due to the changes which Social Democrats and Conservatives underwent in the seventies. Since 1972, the Conservative Party chose to become a center party. During 1977/78 the Social Democrats chose a new course and thus abandoned its ideology.

The party's benevolent attitude toward Social Democrats must seem almost absurd to Conservative parties in other Nordic countries. But perhaps it is not so strange. Social Democrats here are cautious; Finland is very much a nonsocialist country. To a large majority of the population "socialism" is still a bad word. According to the latest OECD figures--for 1986--taxes in Sweden and Denmark were respectively 52.2 and 50.3 percent of the GNP. In Finland they were 38.6 percent. And in a proposal submitted by the Department of Finance, headed by a Social Democrat, marginal taxes on income up to 540,000 kronor should be reduced to 51 (!) percent. Of course, some deductions would be eliminated, including trade union dues. We should add that this proposal was worked out in cooperation with labor market representatives.

Mediocre Program

Social-Democratic Party leaders are hiding behind heavy copper gates. Ulpu Iivari is party secretary--Ulpu is a girl's name. According to Ulpu Iivari herself, she also functions as party vice chairman and is responsible for party ideology.

Ulpus Iivari is more reserved toward the Conservatives than is Sarkijarvi toward the Social Democrats. She is not certain either that the government will last. This government has promised to resolve two issues; one is tax reform and the other labor reform, which essentially means that employees should get greater job security and more say about a company's management.

"There are differences of opinion here," Ulpus Iivari pointed out. "The longevity of the government depends on whether we can agree on these issues."

I asked what the problems were. The party secretary could not give me an answer since the party had not yet come to any decisions.

And then to the matter of party ideology.

Like so many other Social Democratic parties during this period of upheaval, the party in Finland has also come up with a new program or rather a new set of principles. Try as best we might, we can only label it mediocre.

The seventies was a difficult period for all Social Democratic parties in Europe when so many conditions on which they had established their policies suddenly gave way. They realized they had assumed that the welfare society would continue to grow steadily, which created a conflict with "the Prosperous." When growth declined or stopped completely, public sector spending continued to grow as a result of the automatic measures embodied in earlier decisions. Since it was easier to legislate reforms than to raise taxes, the budget deficit continued to grow, driving up interest rates. Even when growth stopped, the unions continued to gain further wage increases, which in turn fueled the inflation and led to Finland's trade deficit. Hence, the welfare society came under fire from both the Left and the Right. Conditions in the Soviet Union and Eastern Europe finally torpedoed the people's faith in a socialist industrial system. Utopia was gone.

The loss of utopia, however, did not mean that differing interests vanished as well.

But the differences between the Conservative Party and the Social Democrats have become more diffuse. Political power rests in the center. The Conservative and the Social Democratic parties are competing for a growing number of center votes. In the last election, labor represented almost one fourth of the Conservative Party's votes, government employees more than 37 percent, while government officials and businessmen only represented 15 percent. In short, the Conservative Party is a people's party.

Since labor in Finland is also a dying species, the parties must compete for government employees. And, talking about government employees, we have pinpointed the problem of the new middle class, which has become the darling of Finnish sociologists. According to Finnish Radio election sociologist Matti Oksanen, the new middle class usually votes Conservative.

Four Generations

In analyzing the Finnish population, sociologists distinguish between four generations; the war-and-want generation born between 1920 and 1940, the age-of-conflict generation 1940-1955, the suburban generation 1955-65 and lastly the rock generation born after 1965. The new middle class represents the suburban generation and, to a degree, the rock generation.

The old middle class sought security and order. The new middle class takes security for granted and is looking for adventure. The old laboring class also sought security and was used to acquiesce. The new laboring class is more recalcitrant; it does indeed want security but, like the new middle class, is drawn to adventure. And the rock generation, of course, is most inclined to adventure.

There is a great deal of conflict between these sentiments and the bureaucratically therapeutic welfare society. The Conservative Party is considered the young people's party. If the Social Democrats do not wish to lose this battle, they will have to join the competition for these souls. But how? When I asked Ulpu Iivari why the Social Democratic Party is losing votes, she said she did not know.

"Satan's Bourgeoisie"

It is possible to view the red-blue coalition in Finland as an acceptance of the social changes that have taken place here and in many other countries. The old ideologies are no longer valid. If so, we have been very far-sighted.

But the old Finland is not completely dead.

The eminent street in Helsinki is the Esplanade; it has four lanes with a tree-shaded promenade in the center and runs from the Swedish Theater to the harbor. Esplanade Orchestra Hall is located only a stone's throw from the harbor. Here Soviet governors dined the social elite in Helsinki not too long ago. Today the Finnish prime minister arranges dinners in the same hall.

On a warm, summer-like September day when I strolled by Orchestra Hall, a man with a swollen face was sitting outside the hall on a sofa. In spite of the sun and the warm weather, his tattered overcoat was buttoned up all the way to the neck. The sole on one of his boots was loose and his beard was at least a week old.

As I passed by him he said in a low but rather distinct voice:

"Saatanen porvari."

Two young men dressed in vested costumes and carrying light briefcases, a lady in black fur and an older Swedish-speaking Finnish couple carrying silver canes also walked by the sofa. And every time the man in the tattered overcoat said:

"Saatanen porvari."

"Porvari" means "bourgeois."

The proletarian who hates "the bourgeois" is still with us. Still with us is also the old bourgeoisie, but no one speaks its language any more. It is neither seen nor heard, nor does it have any successors. Its children are part of "the new middle class." But they do exist and they represent votes.

Perhaps a little dissonance in the chorus is good at this time since not even Finland can possibly be vaccinated against protest parties.

8952

CSO: 36500016

PAPERS DISCUSS IIVARI COMMENTS ON COALITION'S DURABILITY**SDP Secretary Views 'Experiment'**

36500019a Helsinki HUFVUDSTADSBLADET in Swedish 21 Oct 87 p 2

[Editorial by Bo Stenstrom: "Iivari's Option"; first paragraph is HUFVUDSTADSBLADET's introduction]

[Text] Party secretary Ulpu Iivari created a bit of uncertainty over the red-blue idyl. Bo Stenstrom speculates about her motive.

The dividing line between the National Coalition Party and the Social Democrats has become one drawn in red-blue watercolors on the mirror-smooth lake of domestic politics.

On the shore stands Ulpu Iivari, the Social Democratic Party's secretary, giving an interview in which she predicts differences of opinion sooner or later--"otherwise the National Coalition Party really can merge with us."

She sets next fall's municipal elections as a deadline for the experiment. It seems as if red-blue cooperation will then have consumed more party support than the party leadership can stand.

The danger that the National Coalition Party will overtake the Social Democrats has already shown up in an unofficial Gallup poll. And furthermore, the important Metal [Workers' Union] election now looms.

For Iivari and Paasio, it is a matter of accentuating their party's image at a time when their old opponent and alternative, the National Coalition Party, is continually praising the idyl in government. The Social Democrats fought more among themselves than with the National Coalition Party over the budget issue, Ilkka Suominen said.

Matters should certainly not be this way. It is the National Coalition Party which should have the identity problem.

Faced with the red-blue experiment, the Social Democratic Party made preparations and performed a castling move. The party got a new party leadership when it was out of the government--as Iivari emphasizes.

The Social Democratic Party got a program and a distribution of portfolios through, something which it had never done with the Center Party. And so Iivari states.

Appointments policy has not been unprofitable for the Social Democratic Party. The Social Democratic Party still runs the risk of standing too close to the National Coalition Party in the rose garden.

Iivari has now traveled around the country and met about 6,000 party comrades.

The Centrists have not necessarily overtaken the Coalitionists on the high road out in these parts of the country, in the Social Democrats' eyes.

Iivari says that the Social Democrats' goal in this government is to make mass layoffs and firings as difficult as possible for businesses.

On tax reform, the two parties ought to have different centers of gravity. It will be interesting to see how factors such as changes in the stock market and damage to the harvest will affect the space the government has to maneuver in on economic policy.

Iivari compared the red-blue solution with the old red-ocher [=Center] one. Some leading Social Democrat must begin to do so--a heavyweight politician outside of the government, preferably one who is not a party leader.

Last spring it was said that the National Coalition Party could choose the partners in the government. Just as obvious was the fact that the Social Democratic Party could no longer do this.

The Social Democratic Party must put this situation behind it in case the white doors of the red-blue cabinet start to creak, even if the cabinet does not fall apart.

The party needs the red-ocher as an alternative. The red-ocher is Ulpu Iivari's option.

This option is not unrealistic. The explosive personal chemistry between Sorsa and Vayrynen is history. Paasio is the party leader, and by the next parliamentary or at least presidential election, the Center Party leader's name might be Kaariainen, Juhantalo...or Ylojarvi?

Furthermore, Iivari's option has the advantage that it is a nod in the direction of both the National Coalition Party, a fellow government partner, and the opposition Center Party.

As a safety vent, things are not totally lost for conservative red-green circles within the party itself either.

The option is well suited for a party undergoing a controlled structural change. It is so people don't think that the Social Democrats could merge with the National Coalition Party!

Other Papers Consider Remarks

Helsinki HUVUDSTADSBLADET in Swedish 21 Oct p 2

[Editorial Roundup: "Discussion Of The Day"]

[Excerpt] Social Democratic Party secretary Ulpu Iivari's interview in Sunday's HELSINGIN SANOMAT has attracted the interest of editorial writers, not least of all her hints that the base of the government can be altered if need be. Commentaries are to be found in the two Center Party newspapers, KESKISUOMALAINEN and ILKKA, as well as in the Social Democratic ETEENPAIN. Paavo Vayrynen's and Harri Holkeri's electoral campaigns are taken note of by OSTRA NYLAND and ABO UNDERRATTESER respectively.

In LONTAGAREN, editor-in-chief Tom Saxen writes about Paavo's stripes, i.e. Paavo Vayrynen's attitude towards labor reforms.

No Bone Of Contention?

The coalition of Social Democrats and the National Coalition Party appears to be running quite well. The honeymoon continues and if more profound differences of opinion do not crop up, the government buddies will have to paint nonexistent pictures in the sky. In particular, pressure is increasing within the Social Democratic camp, as voters and the members with worries begin asking where the old comfortable principles are to be found, the Center Party newspaper KESKISUOMALAINEN writes.

"The upcoming elections at the Metal Workers' Union congress oblige the Social Democratic Party leadership to make nods in the direction of some sort of distance from the parties in the government. In her weekend newspaper interview, party secretary Ulpu Iivari wished to emphasize that the current Social Democratic Party will not be merged with the National Coalition Party even if seamless cooperation should give rise to this."

"It is nevertheless clear that Iivari's hints about an alteration in the base of the government are intended for internal discussion only. The party has no connection with the so-called living life, neither does it have any connection with continued cooperation after the presidential election."

"It is still odd that the Social Democratic Party should openly acknowledge that managing the affairs of the republic is just an electoral game which goes on with these rules only as long as some points can be brought home in its own bag. A responsible government policy proceeds on quite different bases. The figures of support for one party do not suffice as the guiding principle for the running of the entire country's affairs."

"Iivari is nevertheless right in saying that Social Democratic and National

Coalition Party cooperation cannot last forever. Either consciously or as an oversight she leaves unstated the fact that the Social Democratic Party's seats in the government are not securely in place either. In addition to the existing and the red-ocher alternative, a wholly conservative government base always stands ready."

Ulpu Threatens

In his column in ILKKA (Center Party), Kari Hokkanen comments sarcastically on Ulpu Iivari's interview in HELSINKIN SANOMAT. He summarizes his views as follows:

"Ulpu Iivari's interview shows revealingly how firm the Social Democratic Party's position is despite electoral losses. The party considers itself free to change partners, while other parties do not have such an opportunity. The Social Democratic Party is now where the Center Party was for so long and thought it was for even longer."

"The Social Democratic Party really owes a huge debt of gratitude to Harri Holkeri."

"But once ingratitude was the world's reward. As early as next fall we shall see whether the Social Democratic Party's debt to Harri Holkeri still remains, party secretary Iivari assures us."

Unjustified Dissonance

Thus far the coalition has been relaxed. A half year has passed and no meaningful differences of opinion have cropped up. This irritates many, especially those who are excluded, the Social Democratic ETEENPAIN maintains.

"Discussing other possible governments right now is trouble we don't need. The six-month period which has proceeded altogether well cannot be the reason to yearn for any other alternative. But it is natural for each party secretary to express worries about how support for his or her own party will change. If the present coalition should come to pose a threat to the Social Democratic Party, then it is obvious that the Social Democrats pretty unanimously say the same as Ulpu Iivari: It isn't worth the effort of trying. Next fall's municipal elections nevertheless come much too early and are the wrong time to draw conclusions. If major differences of opinion do not occur over principles and issues, the best time to discuss a coalition is after the next parliamentary elections."

12789

NEWSPAPERS COMMENT ON KOIVISTO, GORBACHEV COMMUNIQUE**Wording Unaffected by Perestroyka**

Helsinki HELSINGIN SANOMAT in Finnish 13 Oct 87 p 2

[Editorial: "Communiques"]

[Text] To wind up President Mauno Koivisto's visit to the Soviet Union, a special statement, or communique, more than 15 typewritten pages long was issued in the traditional manner. This is a diplomatic document in which both parties summarize topical issues plus the basic elements of their relations, and take a joint or separate stand on international questions.

Communiques like these are Greek to most people. In fact, except for the socialist countries, there has been a greater and greater tendency to drop them in dealings between states.

Finnish-Soviet communiques have managed to take on strange, liturgical features over the course of time. Certain formulas, such as the genuinely circuitous characterization of our neutrality policy in 1971 or the avowal of allegiance to the Paasikivi-Kekkonen line, must, for some reason, be repeated over and over again in precisely the same form, without adding or omitting anything.

This practice may be considered peculiar and needless. After all, the joint foundation of relations between our countries has been defined as lucidly as possible in the Treaty of Friendship, Cooperation, and Mutual Assistance for a long time to come. We must also be concerned, under all circumstances, about the credibility of our foreign policy. What name we give to this policy is our business—and our business alone.

The Soviet Union wants to modernize the heavyhanded language of diplomacy. Party leader Mikhail Gorbachev's appearances bear witness to changes. The official news agency TASS reports Kremlin discussions more exhaustively than do the Finnish negotiators. On the other hand, perestroyka does not seem to have affected the makeup of communiques. Let us hope the time for that, too, has come.

Papers Around Country Comment

Helsinki HELSINGIN SANOMAT in Finnish 14 Oct 87 p 9

[Editorial Roundup: "The Other Newspapers"]

[Text] The report on preparation of the communique during President Mauno Koivisto's visit to the Soviet Union has provoked plenty of discussion in the press. Some newspapers are asking the Foreign Affairs Ministry for a more precise account of what happened; others are criticizing the attempts to alter the communique and the way in which the matter was analyzed.

Unnecessary Follow-up Discussion

KANSAN UUTISET (communists and people's democrats) is surprised by the "follow-up discussion" arising from the communique and considers it unnecessary.

"Out of the communique the right-wing newspapers have generated a debate which may perplex both domestic readers and foreign observers and which can turn into an implement for those who use the term Finlandization as a weapon of political combat.

"The right-wing press claims that the government officials who arranged the visit wanted to change key passages in the communique. Finnish representatives do not confirm this piece of information, and the president of the republic has said that the communique negotiations were problem-free.

"It is not clear from the right-wing papers' claims what exactly should have been said. HELSINGIN SANOMAT talks about key passages in the communique, and UUSI SUOMI insists that the entire communique was needless.

"In any event, the communique is now jointly accepted by the leaders of both countries, and its essential nature cannot be altered by criticism after the fact.

Communique and Government Program

Taisto Sinisalo's TIEDONANTAJA asks the Foreign Affairs Ministry for further clarification of the issue. The newspaper sees a connection between the government program and attempts to change the communique.

"There is, of course, no reason not to believe Undersecretary Tornudd when he asserts that neither side made proposals for new formulations. But it does appear that this is not the whole truth.

"The Foreign Affairs Ministry could disclose, for example, what the 'earlier formulations' were to which Tornudd alludes as the 'Finnish side's point of departure.' And what would have been the 'fresh, new phrases' that the Finnish side wanted in the communique?

"Getting answers to these questions is all the more justified when you remember that--in contrast to the jointly approved communique--the Treaty of Friendship,

Cooperation, and Mutual Assistance is not described as the basis of our country's foreign policy in either the current or the previous government's program, nor is the Paasikivi-Kekkonen line mentioned in either government program. And that is hardly a coincidence."

Old Text, Stiff Language

SUOMENMAA, main organ of the Center Party, also wants the Foreign Affairs Ministry to explain what it was really all about. The newspaper is willing to revise the communique's form and language, which it considers stiff.

"The Foreign Affairs Ministry could certainly take a good look at itself and analyze the precise reasons for the hullabaloo which the communique gave rise to both beforehand and afterwards.

"It is true that the language of the old text is stiff, and interpretation open only to experts. Improving the form of the text is not a bad idea.

"But the challenge is to do it skillfully and without generating the slightest suspicion of an attempt to change something fundamental in Finnish foreign policy

Have Neighbor to Thank

Another Center Party newspaper, ILKKA, which is published in Seinajoki, is satisfied with the minor changes in the communique. The paper thanks the Soviets for this.

"The news item in yesterday's HELSINGIN SANOMAT about Finnish attempts to express fixed phrases and especially the name of the Paasikivi-Kekkonen line in a different manner comes as no surprise. After Foreign Affairs Minister Sorsa had put out feelers on a 'Finnish line,' it was evident that there was a desire to change the wording. Taking it to the limit was Social Democrat Risto Sankiaho, a professor of political science, in whose opinion the Paasikivi-Kekkonen line should simply be replaced by the Koivisto line.

"The definition remained the same as before, but was now furnished with quotation marks. In the second paragraph of the communique, the lifework of Paasikivi and Kekkonen was mentioned as a guideline for building relations between our countries. If, as HELSINGIN SANOMAT reports, this was included at the Soviet Union's request and against Finland's wishes, then the Finnish people have their neighbor to thank for the very satisfactory wording."

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CSO: 3617/5

NEWSPAPERS DISCUSS CLAIM FINLAND FORCED TO WATER DOWN COMMUNIQUE**Paper Says Proof Lacking**

36500019b Helsinki HUFVUDSTADSBLADET in Swedish 22 Oct 87 p 2

[Editorial by Bo Stenstrom: "'Kalpa's Line"'; first paragraph is HUFVUDSTADSBLADET's introduction]

[Text] Kunto Kalpa speculates about changes omitted from a communique. Bo Stenstrom comments.

Kunto Kalpa strikes again. The pseudonym from the newspaper KESKISUOMALAINEN, the phantom from Jyvaskyla, is trying to blow on the dying embers of the debate over the communique at the end of Koivisto's visit to the Soviet Union.

Kalpa keeps saying that Finland sought changes in the communique, changes which subsequently did not materialize.

He then develops a line of thought which departs from a limited square one. He emphasizes the fact that in 1971 the writing [of the communique] came about with blood, sweat and tears. He stresses that changes should be made only after they have been tried out unofficially, with unofficial contacts, and that a carefully considered compromise proposal should be ready.

He ties all of this to the debate about Sorsa and "Finland's line," cites a Soviet opinion about the significance of the concept of the Paasikivi-Kekkonen line and finally ties all of this in with Risto Sankiaho's ideas about Koivisto's line, the Social Democratic Party's program of principles, the Socialist International and Social Democratic presidents.

Finland's behavior on the diplomatic stage is portrayed like an elephant's in a china shop.

It is hard for him to rid himself of the notion that Finland at any time and in any form rejected notions of a shorter and freer in form communique.

Kalpa points to an additional paragraph saying that Finland stressed the life's work of J. K. Paasikivi and Urho Kekkonen.

Yet this paragraph means that they wanted to set aside future doubts over the Paasikivi-Kekkonen line, not that they might have wanted to get rid of it.

Kalpa attaches great weight to the fact that once again the phrase Paasikivi-Kekkonen line is set off with quotation marks in the cherished part about Finland's search for a peace-promoting neutrality policy.

Quotation marks can of course set off a quotation or imply a somewhat disparaging "so-called." When combined with the additional paragraph above, it is not easy to see why the disparaging alternative could have been intended.

In the communique following Rychkov's visit to Finland, the Soviet Union expressed its gratitude for the contributions to the CSCE by Finland and the neutral and nonaligned countries. Finland's contribution to the CSCE then garnered special gratitude. This was a more interesting shade of meaning. If you read it that way.

Reports to the effect that discussions about the communique were rushed and uncomplicated do not contradict reports to the effect that the Finns had tested the ice for a shorter, freer communique. If a communique is wanted and it pertains to relations with the Soviet Union, and if it is not inappropriate to judge from past experience either, then the expression and the concept have acquired their own special basic meaning.

Thus far nothing has emerged to indicate that the Finnish side put forward specific proposals for changes in such a manner, at such a time and in such a context that this could have damaged our foreign policy in any way.

Kanto Kalpa does not have such evidence either.

Each of the parties has its conception of what communiqes say. As a rule the conceptions are much closer to one another. And if they ever diverge a bit more, then this is flexibility serving a good purpose. Judging from the tone of the visit, the conceptions lie much closer to each other.

Stimulating an otherwise fairly anemic discussion of foreign policy is good. If such stimulation cannot be achieved in any other way, then it has to occur through pseudonyms.

Going into a presidential election, the situation becomes somewhat altered if this stimulation does not affect issues. Of "Karjalainen's 1971 communique" Jukka Tarkka recently wrote that the major drama that spring did not relate to foreign policy. It concerned an even more important matter: domestic policy.

Sixteen years later, one wonders whether the same thing isn't true.

One important thing was accomplished in the negotiations over the communique. Journalists' responsibility was swept away--certainly to the relief of the head of state.

This certainly applies as well to pseudonymous writers who are not journalists.

Other Papers Give Views

Helsinki HUFVUDSTADSBLADET in Swedish 22 Oct 87 p 2

[Editorial Roundup: "Discussion Of The Day"]

[Excerpt] The Social Democrats' SUOMEN SOSIALIDEMOKRAATTI comments on the tabling of the cabinet's finance committee's proposals for reforms in the work schedules of parents of small children and the right of industrial safety officials to interrupt work which is considered dangerous. The issues have arisen in the government, thus becoming the first test of Social Democratic-National Coalition cooperation. As some of today's lead editorials demonstrate, the communique problem is still being discussed. In the Rural Party's SUOMEN UUTISET, there is some speculation about the reasons this discussion got underway. In VASTRA NYLAND, editor-in-chief Olle Spring discusses regional radio programming in the western part of Uusimaa.

Reforms In Green Cloth

The Holkeri government's platform pays great attention to the subject and thus dozens of proposals have been put forward aimed at labor reform. A good deal of time has been given over to negotiations, in which employer and employee organizations and government representatives have tried to reach a common solution. On certain points, significant progress has been made, on others not. These latter points will be brought up for a discussion within the government and this can be viewed as a test of cooperation, writes the Social Democrats' main organ, SUOMEN SOSIALIDEMOKRAATTI.

"It has been left to internal government decisions or negotiations to agree on laws about individual work schedules, for parents of small children, among others, and on laws concerning the right of industrial safety officials to interrupt work which is considered dangerous. The drafts of these two reform laws were tabled Thursday by the cabinet's finance committee to await additional analysis and negotiation. The delay is said to be due to the finance ministry's wage division, which wants to obtain access to additional analyses. This explanation might do if there is no question about a smoke-screen and a coverup of genuine obstruction."

"Last week the Social Democratic Party leadership implied that the government is following a hasty timetable on the issue of labor reform. It calls for a basic decision on improving employees' confidence in labor agreements. The National Coalition Party has promised that the reform proposals will be treated in short order. Disillusionment when promises are not fulfilled will be a hard blow to good cooperation."

Zavidovo Number Two

The president and the leading civil servants who conducted the negotiations over the communique during Mauno Koivisto's visit to the Soviet Union have stated that Finland had no intention of making the sorts of changes in the communique which could be interpreted as a suspicion that Finland wishes to alter its foreign policy line. It has also been stated that the negotiations

proceeded without difficulties or dissension, SUOMEN UUTISET, the Rural Party's newspaper, asserts.

"The president considers all the fuss over the communique to be unwarranted. As far as is known, the president has entertained suspicions that all of this to-do arose so he would be seen in a bad light."

"To be sure, it is possible that some want to create a picture of a president fumbling on foreign policy issues before a presidential election. It is particularly tedious if the press calling itself independent has participated in such a risky presidential game."

"The Zavidovo leak in the early 1970's inevitably comes to mind; its ostensible purpose was to support the authority of the president who was in office at the time."

"Today's 'communique leak' obviously has just the opposite purpose."

12789

KOIVISTO SEEN HAVING SOUGHT 'SOMETHING NEW' IN USSR TIE

36500024 Helsinki HUFVUDSTADSBLADET in Swedish 27 Oct 87 p 2

[Editorial by Rafael Paro: "The Interview With The President"; first paragraph is HUFVUDSTADSBLADET's introduction]

[Text] There is undoubtedly something new under the sun when the president of Finland says that on the issue of relations with the Soviet Union we could dispense with communiques, writes Rafael Paro.

The interview President Mauno Koivisto granted MTV on Sunday evening was unfortunately arranged in such a way that it raised more and harder questions than it answered.

Particularly conspicuous on the one hand was the high drama the president himself attributed to the 1970 communique negotiations when President Kekkonen threatened his Soviet counterpart with resignation and on the other the sublime lie with which Koivisto himself now sees formulations of the country's neutrality in its relations with the Soviet Union.

The world has changed in 17 years. But the extent to which relations between Finland and the Soviet Union have changed naturally interests the citizens of our country to the highest degree. Both we and the Soviet Union have new national leaders. President Koivisto indicated that he as well as those journalists who went along on the most recent state visit to the neighbor to the east had observed a greater openness from both sides.

Yet has this openness possibly been given a somewhat rash interpretation when there was support for an abbreviated, freshened up communique text? Despite the president's observation that the communiqes' "legal status is somewhat problematical," we can pretty much assume that the civil servants who were in on the communique negotiations before the visit worked with instructions from high circles.

Furthermore if that version holds up, that all the rumors which have circulated about the revisions only being based on preparatory discussions carried out at home--in other words the proposals were never put on the table in Moscow--there is real reason to bring the discussion on this point to an

end. This despite the fact that the president clearly should be interested in knowing through what leak the contents of the discussions leaked out.

An issue of higher priority emerges in the president's remark to the effect, one, that Finland's position is not dependent on these communique texts and, two, that these communique texts are quite poorly adapted to the way our state runs.

The remarks give a clear sign that President Koivisto himself would like to get out of the whole business of communique writing.

He pointed out that communiqes are now written only with the Soviet Union. In relations with other countries, communiqes have been dropped.

The president emphasized that "we didn't have any particular problem with the Soviet Union this time either."

The point about the absence of problems will be noted with satisfaction, especially when one remembers the 1970-71 tug of war which resulted in the Soviet Union's pushing through a more restrictive description of Finland's neutrality. Then there was not just the matter of a more or less legal action by a civil servant. The tug of war was over the image of the Soviet Union's attitude towards Finland's neutral position which the Finnish and Soviet leaders jointly wanted to project to the outside world.

The changes, in a direction which from a Finnish point of view would be less favorable, came at a time which could have been particularly difficult, given the preparations for the CSCE. Everything went well, however. The two major super powers' acknowledgement that Finland was sufficiently neutral prevailed at the conference.

What can now be gleaned from the latest state visit to Moscow, the text of the communique and the ensuing discussion--including the president's interview on Sunday--is that the Soviets are not ready to give any remarkable new signals. This was a communique like its predecessors. In the most important parts, a 17-year-old model is being followed and the text is longer than ever.

Since the Finnish side's more or less revised intentions became known to a wider domestic and foreign public, it now appears Finland sought something new, which the Soviet Union coldly rejected.

So it seems here. How things actually transpired was not particularly clear in the superficial questioning of the MTV interview.

Among the interested observers, one could not help notice Foreign Minister Kalevi Sorsa's statement to the effect that he speaks about Finland's foreign policy instead of the Paasikivi-Kekkonen line. The observation is now complemented by the president's remark that Finland's position was not changed by the new version which went into effect in 1971, that Finland's position does not depend on the wording of Finnish-Soviet communiqes and that the writing of communiqes does not fit very well into the way our state works.

There is undoubtedly something new under the sun if at the same time we hang on to the version that says that our political relations (trade does pose certain problems) with the Soviet Union are problem-free.

EX-DGSE CHIEF MARION ON RESPONSIBILITY, EFFECTS OF GREENPEACE AFFAIR

35190007 Paris L'EXPRESS INTERNATIONAL in French 23 Oct 87 pp 30-31

[Interview with Pierre Marion, former director of the DGSE, by James Sarazin; date and place not specified: "How Greenpeace Sank the DGSE"]

[Text] The financial settlement awarded recently by an international court, according to which France will have to pay 50 million francs to the environmental association, Greenpeace, brings the Rainbow Warrior affair to its judicial and diplomatic conclusion. But no one inside the DGSE [General Directorate of External Security] will soon forget it, and certainly not its former director, Pierre Marion, who was appointed by the left in 1981. He spoke with L'EXPRESS, analyzing the reasons for this affair, and discussing the lessons that can be learned from "one of the biggest fiascos in the history of the secret services."

[Question] The president of France recently compared the Greenpeace affair to the Ben Barka kidnapping. Those really were two big slipups on the part of our secret services...

[Answer] No, that's really not true at all. That's a ridiculous comparison. The Ben Barka case didn't involve either the SDECE [Foreign Intelligence and Counterintelligence Service] or the government, but rather two agents who were working on their own initiative, outside of their official duties. Furthermore, those agents were severely punished. But the secret service was involved in the Greenpeace case. And not just the secret service. In this case there was first of all an error in political judgment, then sloppy execution, and finally government floundering. The Ben Barka case was an incident carried out by underlings; Greenpeace is an affair of state.

[Question] Initial errors in estimates made by the secret service?

[Answer] It isn't that simple. How did the DGSE get itself involved in this affair? Through the psychosis about the "little green men" that grabbed hold of the admirals in the Pacific. You know, the environmental activists who wanted to confront the French Navy in canoes and land on Mururoa.

And this madness spread up to the Elysee. For the reports had to have reached the office of the president. I've seen enough of the decision-making process in such cases to know that all the reports end up in the Elysee.

[Question] But the politicians certainly can't be blamed for mistakes made in the mission's execution, can they?

[Answer] Let's take a look at that. I'll make three comments about the things that happened throughout the course of this mission. If I had been in charge of the DGSE at the time, I would never have taken on the responsibility for such an operation, a mission that had almost no chance of success so far from France, in a small country that lives like an insular village, and one where France is hardly very popular. Still, if I had been forced to run such a mission, I would have organized it completely differently. There were far too many agents involved in it. Finally, and most importantly, I would certainly not have notified the New Zealand services about the operation...

[Question] But it was the British who told New Zealand about it!

[Answer] No, not at all. The DGSE told them before the British. Oh, they naturally played down the affair, presenting it only as an intelligence mission. That might explain some of the mistakes made in the execution of the mission, for our agents believed they more or less had some backing from New Zealand.

[Question] A few minutes ago you mentioned political floundering. There was actually an impression that after news of the affair broke, the government was protecting its secret service from a scandal. It took over 2 months for the public to find out about the existence of a third group, the one that sank the boat...

[Answer] During those 2 months, the government was actually trying to keep the affair shrouded in ambiguity. For not everybody knew the truth of the matter. Mitterrand knew. Hernu knew. But Fabius didn't know anything. That's the way things have been since 1981: the prime minister is kept outside secret service matters. Pierre Mauroy just learned about my appointment to the DGSE during the council of ministers session which approved my appointment! Fabius didn't know anything, and he had no opportunity to find out: the full report on the Rainbow Warrior affair, which Admiral Lacoste, head of the DGSE, submitted to Hernu on 23 July, was immediately buried. So nobody could find out what was said in private between Mitterrand and Hernu. Then the president issued instructions to keep the DGSE head away: Lacoste was barred from any access to the Elysee!

[Question] Maybe precisely because the chief of state knew nothing at all about the case, and he felt he had been deceived by the DGSE?

[Answer] If that were so, was the way to find out the truth—even if only to punish the persons responsible—to refuse to listen to the only person who knew it? For if Mitterrand had called Lacoste, a man who is honest, loyal and disciplined, into his office without any witnesses, he could have found out everything about the operation.

[Question] But at the same time, in a letter dated 6 August the president did ask the prime minister to conduct an investigation.

[Answer] That letter was a terrible trick to play on Fabius. But it does confirm that Fabius was unaware of the truth. As head of the government, could he in any decency promise a public inquiry and legal sanctions against any French citizens found guilty, if he had known at that time that his secret services were involved? Still, there was something even worse yet to come for France. The dismal hypocrisy of the Tricot report led to a first in the history of espionage, and even a first in history itself: a government's divulgence of the identity of its secret agents after a sensitive foreign operation! We should also look at Pierre Joxe's attitude during these 2 months of crisis. As the DGSE's involvement in the Rainbow Warrior affair grew clearer, the minister of the interior continued to move into top speed, urging his staff to hasten the investigation.

[Question] So you're accusing the left of wanting to demolish the secret services!

[Answer] I didn't say that. But I can't help considering the Greenpeace political imbroglio in the light of certain earlier events. First of all, let me remind you that the union of the left's government program stated explicitly: "The SDECE will be eliminated." That was certainly short and to the point. The service did survive 1981, but so did the ill will. One day in January 1982, Gaston Defferre, who was actually a fairly moderate socialist, in front of witnesses accused the DGSE—which I was running at the time—of being "a nest of Soviet spies." That tells a lot about the paranoia of the PS [Socialist Party] about the secret services. I will also add that, because of their short-sighted vision that concentrated exclusively on France, everyone who tried to evaluate the cost of the Greenpeace affair completely overlooked what was most important for France: its international credit, the reputation of its political and military leaders and of its secret service. The Russians—and others as well—who go to a lot of trouble to destabilize rival secret services, must have been overjoyed to see the DGSE being done in by its own government.

[Question] You're being rather harsh. For after the Greenpeace affair, the government did have an opportunity to get rid of the DGSE, but it just applied some sanctions.

[Answer] Sanctions that were more severe for the people in the field than for those in charge of the operation. I'm thinking of Mafart and Prieur on their atoll, and of the three combat swimmers from the "Ouvea," three men who are still subject to international arrest since their identity was made public. And I am thinking of the four officers and non-commissioned officers who were put in prison because they were accused of leaking information to the press. I know them. These were all remarkable people who have been broken.

[Question] But the DGSE is still around. It has gotten a strong new leader...

[Answer] Who immediately announced when he took office that the DGSE was the target of "a really malicious destruction operation" and that his first job would be to "tighten things up." If they really wanted to improve the secret services, they would have put a civilian in charge.

[Question] With all these criticisms, aren't you afraid that you'll be accused of political maneuvering, or of trying to settle some old scores with Francois Mitterrand?

[Answer] I'm not working for or against anybody. But I do think it is my duty to restate a truth that has been badly distorted. And to help to defend a service that is essential for a modern state. And to speak out in support of the men and women who make up this service, whom I have had to honor to direct. They are people who don't deserve the disgrace and dejection to which they have been subjected by this affair.

7679

U.S. PROVOCATION SEEN IN PAPANDREOU'S PERSONAL, NATIONAL PROBLEMS

35210010 Athens PONDIKI in Greek 16 Oct 87 p 7

/Excerpts/ The Americans have gone to the limit in the "political game" whose focal point is the personal life of the Greek prime minister and nobody knows where they will stop: anything can be expected.

Early on, NDIKI had gotten tired (or rather did not get tired) in saying:

"Regardless of with whom or how it was created, there is a big family problem in Kastri having direct political effects that must be resolved as quickly as possible."

In our previous issue we concluded this report with the headline "The War of Havoc," by saying the following:

"And we will add: before some prominent Americans bring it out in the open or the sordid business gets into some Turkish rag....."

Already, however, (a) the Americans "have brought it out in the open" and will do it again without being satisfied with that only; and (b) the Turks have increased their fire, the latest examples coming from HURRIYET and GUN AYDIN.

In truth, what margins are left to provide for some kind of solution: very little.

Being perpetuated is a situation that now predominates in our political affairs, a situation that (a) Andreas alone created and has reached this point; and (b) was exploited by others--Americans, neo-Democrats and the CIA.

So, that is the situation so we can clear up matters from the outset.

With this issue as a prime mover, the Americans are putting on pressure to the hilt and in any way they can.

Their basic goal: to force Andreas to call for early elections in the spring, something that makes things easy as far as many issues are concerned.

His possible defeat and Mitsotakis' rise to power will mean a definite settlement of the bases issue (just as the Americans want and something more) as well as the Cyprus question (regardless of the outcome of the elections in Cyprus, Kyprianou loses all of his supports and just imagine for a moment a twinning, for example, Mitsotakis and Kliridis!!), something that is valuable for the Americans following developments in the Persian Gulf.

At this point, make note that (a) the Americans are dragging their feet on discussions that are scheduled to begin on 2 November and it could be that they might be put off further and (b) the Turks, in turn, are also dragging their feet on the dialogue and it is not to be ruled out that they might break it off after the November elections, that is if they finally do take place.

An important role played in the development of "the American game" is who has the upper hand, the Pentagon or State Department. At any rate, it is not fortuitous that Townsend Freedman, a man well-known to us during the Sterns era as the number three man in the American embassy, has become the State Department's Southern Europe desk chief. Freedman is well-known for his rabid anti-PASOK and anti-Papandreou feelings as well as his friendship with a few journalists here in Athens among whom is the director of a Sunday newspaper.

It is also not fortuitous that Bob Keeley has fallen (again!) in disfavor because he had never pointed out to the "big brass" in Washington Andreas' "Achilles' heel" that has now become an open secret!

Finally, it is also not, of course, fortuitous that the prime minister was ignorant of Morfopoulos' trip to the United States at such a critical period.

Attention: As the personal things about Andreas keep moving along and the fuss keeps growing all the more, you should expect two moves..MADE IN THE USA:

1. "A segment of the clergy" will rise up and get into the game anticipating some benefits for the church from the open warfare!
2. Difficulties will be created and, in the long run, the EEC chairmanship post will be thwarted (or would be assumed with obstacles), from which post Andreas held many hopes: money, fame, etc.!!!

And, now, do you want to know the most immediate result of this whole affair? Now that something has begun to move somewhat in that most sensitive segment, namely the economy, the possibility of early elections blows everything up in the air!

In this atmosphere, Andreas has begun--very recently--to think about the possibility of elections in April and the prospects he has to upset the course of things, the way "the others" want it.

He is losing the benefits derived from any (even small) economic reprieve he might have had if he had held elections in 1989.

He could use for his benefit the bases and EEC chairmanship issues.

The bases issue: he wins the plebescite (that is he avoids it) and--if he wins the election--he does not have to have it because he could make use of it as he sees fit.

The EEC issue: to ask for the vote of the people to have him chair the EEC and to succeed in getting something and not Mitstotakis (a few things have to be called by their real name and nothing else is needed).

Generally-speaking, he could exploit the multifaceted American attack for electoral benefits--and you should make note of that too!

All of the above presupposes, however, that he at once resolve the matter of his own personal relations one way or another because some of his close associates have recently been trying to convince him that a divorce under normal circumstances and a wedding immediately afterwards could, in the long run, turn popular feelings in favor of him, feelings that are now against him! And to once again find his lost self--and the country its prime minister. Otherwise.....

Conclusion: An ugly atmosphere prevails. The Americans are supporting it and augmenting it. And yet, the one who basically created it, giving the opportunity to "our big allies" to strike at him, is Andreas himself. Perhaps for that reason, perhaps because the issue of his personal life is today above all else he is the only one who can correct it, to do something. In other words, that is what we believe.

5671

SCENARIOS, TIMETABLE FOR FUTURE ELECTIONS OUTLINED

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 4 Oct 87 p 48

[Article by Panos Loukakos]

[Excerpts] It is now clear that we are passing through a political phase characterized by divisive signs in PASOK and unifying trends in ND. It is also clear that, with regard to public opinion appeal, PASOK today finds itself at one of its lowest points while ND, as all recent polls show, is climbing steadily. This situation creates a new political scenario and at the same time leads to new developments.

When Tsokhatzopoulos assumed the Ministry of Interior he did not hide the fact that the issue of changing the electoral system exists and top government officials do not exclude the possibility of early elections when making "off-the-record" statements.

At the same time sources close to the premier consider a government reshuffling possible--they call it "correctional"--and time-wise they place it in January 1988. The two most important changes in such a reshuffling will most possibly be the replacement of Finance Minister D. Tsovolas by Alternate Minister G. Petsos and of Education Minister Tritsis, whose position may be filled by the premier's legal advisor G. Kasimatis.

Tsovolas will leave because he is accused of lacking flexibility and adaptability to the new economic policy realities, while Tritsis will resign as a result of his well-known clash with the Church of Greece, a clash which bears a very heavy political cost in a pre-election period.

After forming a government in January, PASOK will call for elections. The question is when will the elections take place? Already Papandreou, following recommendations by his close associates, is studying three alternate proposals:

Elections around May 1988: The advantages of this proposal is that the referendum on the American bases will be by-passed while the phenomenon of PASOK's internal disintegration will be checked. The main disadvantage is that there is no sufficient time for the planned pre-election government handouts to be effective.

Elections in November 1988: The advantage is that, as EEC chairman, A. Papandreu will have reached a high degree of popularity and will use, of course, his position for internal consumption. The disadvantage is that he will not be able to perform his duties as chairman in a particularly successful way and as a result problems might develop with the other EEC members.

Elections in April 1989: The advantage is that there will be ample time for an economic policy of "prudent handouts" to have electoral benefits. The disadvantage is that until then PASOK's partisan and governmental problems will have been augmented because after each reshuffling, new group alignments are formed, old internal feuds are revived and the various party mechanisms react to the recent cabinet choices with greater tension.

Weighing the pros and cons, some of the premier's associates arrive at the conclusion that the most suitable time for elections is perhaps the spring of 1989. They know, of course, that in the meantime unexpected events may transpire as they well know also that PASOK's present internal problems could lead to early elections.

It is for this reason that Interior Ministry officials under the supervision of Tsouras, a member of PASOK's Executive Committee, are fervently studying electoral laws from the simple proportional one to the two-round system. The question, of course, is which law favors PASOK more.

However, no answer can be presently given since PASOK's future political course is not clear. It is not yet clear because the formulation of the new electoral law will depend on whether Papandreu will choose in the next few months a deceitfully leftist policy or a deceitfully rightist course.

In any event, no matter what decision is finally reached, one thing is certain: we have entered a period of great political instability during which no development, no re-alignment, and no surprise whatever can be excluded.

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GREECE

POLITICAL

MANEUVERS FOR ND FAILURE AT NEXT ELECTIONS REPORTED

35210010 Athens EMBISTEVTIKO GRAMMA in Greek 14 Oct 87 pp 3-4

/Text/ As it becomes more and more evident that the government is wavering and is under fire even by the communist Left, certain business and diplomatic circles are trying to thwart any possible electoral victory by ND. By following rumor tactics these circles are spreading the story that ND cannot possibly have any political domination because Mr K. Mitsotakis' personal profile is much lower than that of Mr A. Papandreu. The same circles also propagate the story that the government's economic policy is succeeding (!) with the result that shortly the economy will enter an upward period. At the same time, these same persons stress that PASOK ensures social peace and that it has more possibilities than ND to bring about modernization in social and economic areas.

Propagated by bourgeois businessmen and other political elements the above rumors, as has been described to us, serve quite a few purposes.

First of all, they hinder the creation of a favorable climate for ND, something that would have increased its popularity.

Secondly, they discourage other businessmen who hesitate in financially helping the liberal wing which thus will certainly have financial problems in the next electoral campaign.

Thirdly, they discourage some undecided center-rightist voters from joining ND, a fact that will perhaps acquire great importance in the next political election. The reasons for this stance vis-a-vis ND is primarily dictated by personal opposition to Mr Kon. Mitsotakis and also by expediency foreign political elements dictate.

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POLL SHOWS PASOK LOSSES, ND GAINS

Athens EMBISTEVTIKO GRAMMA in Greek 30 Sep 87 p 12

[Text] The magazine EPIKAIRA published a significant new piece of information—excerpts from a METRIX poll conducted last June for the New Democracy. Specifically, the magazine wrote: "Based on the electoral strength registered in the 1985 election, PASOK shows a loss of approximately 20 percent; ND a gain of around 12 percent; while KKE also registers a rise by about 20 percent."

These data radically alter the picture conveyed by the question posed by METRIX concerning the party "which best represents your views today," to which the responses were: ND, 32.2 percent; PASOK, 25.7 percent; KKE, 8.3 percent; KKE-Int., 1.7 percent; "other party," 2.4 percent; "no party," 4.6 percent; and "no answer," 25.1 percent.

It is clear that the 1985 ND voters refused (in this poll as in others in the past) to disclose their political preference and express their political views. This phenomenon affects other parties as well but to a lesser extent than ND.

Comments by the poll analysts, who claim that most of the undecided non-responders are closer to PASOK, are not entirely correct since they seem to leave out the direct shift of voters from PASOK to ND and KKE, shifts which, with regard to this specific poll, had not been made public until today and which are very significant, especially because the time the poll was taken (a few days after the withdrawal of G. Rallis) was not favorable at all to ND.

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GIORGIOS PAPANDREOU STRESSES 'NEW TYPE' PARTY NEED

Athens TA NEA in Greek 28 Sep 87 p 8

[Article by G. Papandreu: "A New Type Party"]

[Text] To make a citizen "the master of the country's political scene" requires the disappearance from operations, organizations, action and training of today's political parties, of those elements which have led citizens, particularly the younger ones, to question them as well as "any realignments in the parties and in the governments."

This reflects the views of G. Papandreu, a member of parliament and a member of the PASOK Executive Bureau, as they appear in an article published yesterday in TO VIMA. The article contained his thinking on the need to create a "new type party."

"Greek society today is indeed much more sensitive to the operations and ethics of government, the principles of public administration and the rules of public life," Papandreu says, and goes on to add that this same society is "much more inventive in its search for values to express it," and demands "values and practices which correspond to the current needs of the Greek people, the necessary renewal of our culture, the teachings of international experience and the challenges of the technological revolution."

With regard to PASOK, he says that "in its 13th year of existence [the party] is called to take a decisive step which will also be the most difficult in its history: To turn into qualitative strength its accumulated experience; to leave behind the habits it inherited from the traditional party mechanisms; to recall the traditions it once sought to usher in; to overcome the bad habits and relationships fostered by its 6-year-long identification with governmental power."

The author of the article believes that "innovation" and "PASOK's ability to overcome itself" is the single factor required for the creation of a "reborn party of a new type which will live up to the maturity of Greek society," to development of which PASOK "contributed with the democratic institutions it established."

The questioning of the current political parties, G. Papandreu goes on, is the product of findings the citizen himself has pinpointed, namely:

--The major objective of political parties is the conquest of governmental power, and in this process they deal with the citizen "only as a temporary voter," a devoted "poster hanger," "a mobile soldier in the battle of political demonstrations." In "major decisions he is absent, silent, or a nuisance."

--The "visions and programs of the political parties" are smothered by "favoritism and patronage."

--Today's parties--"in the eyes of many people"--appear to be "rusting, Byzantine," moving outside the demands of our time.

In spite of the democratic conquests of the last 13 years, introduction of "revolutionary institutions" and related laws which "safeguard and establish popular participation," our citizens--according to G. Papandreu--"continue to live at the periphery of political life."

Requirements

G. A. Papandreu includes the following among the conditions required for activating citizens and "making them the masters of the political stage in our country:"

1. Participation in decisions. Simplification of enrollment procedures and "procedures for participating in basic decisions must be as simplified and democratic as they are in the municipal and national elections."

The Movement (PASOK) "must represent increasingly and more massively society's strata which believe in a socialist society," because "democracy within the party and participation in the shaping of decisions cannot prevail, let alone be meaningful, if membership is not a right for everyone but only a privilege for the few."

In more specifically outlining his thoughts, G. Papandreu proposes: "The establishment of these decisive rights for the Movement's rank and file must begin with their participation in the selection of candidates (for mayor, nome councillors, deputies, etc.). Only under such conditions is the abolition of the individual preference [stavros] meaningful as a democratic measure."

2. Safeguarding trends/dialogue. "The expression of trends and views is the only way to politicize every member separately and the Movement as a whole; to eliminate personalized groupings; to synthesize opposing views. Through a rich in-party dialogue which utilizes the democratic confrontation, the member becomes the real participant in the formulation of policy."

Views and Opinions

Papandreu regards as "absolutely natural to have varying views and opinions" within PASOK which "express the equally natural differences in assessments for our future course."

3. Party-School. "The party must become the great open school for disseminating knowledge, so that knowledge becomes the great tool for critical thinking and autonomous action." The process applies to all party levels starting with the primary cell, the local organization "which will be turned into the basic and daily school for its members," and also the place "for meeting and fusion of intellectuals and professional people with the popular movement."

It will become a workshop to search for and fashion solutions "for dealing with society's problems" in conjunction with the rise of new cadres and the "rise of the future leadership."

4. Openness and control over governmental power. "The dialogue of the entire party with the government in formulation of policy and in selection and appointment of political persons," is regarded by Papandreou as "vital". On this point he places the "qualitative relationship between party and government."

"In this way," he adds, "we safeguard both the citizens' participation and responsible overseeing of the government's operations." The PASOK deputy concludes:

"Such a political relationship is absolutely necessary. On the other hand, any uncontrolled and secret relationships which develop between party officials with this or that person in government or in the state machinery are extremely harmful.

"No matter how good intentions on either side are, such relations may well develop into relations for personal gain and influence peddling. In the end such relations do not serve the common interest.

"The same reasoning applies to relations between the party and the press; relations with other parties; with capital; with the trade unions; or any form of power. Such relations must develop, but they must also be transparent and institutionalized."

Papandreou sees that through these "processes of mass participation and open dialogue" a party can be created "to have policy and programs which will inspire--not only temporarily and because of a charismatic leader--the people, an institutionalized party which over the long run will democratically and responsibly express the agonies of the people."

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PASOK EXECUTIVE BUREAU COMPOSITION UNDERPLAYS LEFTISTS

Athens I VRADYNI in Greek 14 Oct 87 p 3

[Article by Titos Athanasiadis]

[Excerpts] Yesterday the PASOK Executive Bureau tried to strike a new balance among the ideological wings of the party. It met at 1930 hours under the chairmanship of A. Papandreu and dealt for 2 hours with distribution of tasks among its members.

The distribution was designed to tone down the strongly leftist color resulting from restructuring of this PASOK high-level organ 15 days ago. This is the view resulting from the fact that key positions were assigned to members of the moderate wing fully controlled by the premier.

Specifically, Organization was assigned to Skandalidis, Enlightenment [party propaganda] to G. Papandreu, and the Trade Union Movement to G. Papandreu and St. Tzoumakas.

The Left wing has been assigned significant posts, but not those which pass the party's ideological line or oversee its organizational course. Thus, the spokesmen of the leftist trend, Kostas Laliotis, Vaso Papandreu and A. Rosios, are assigned the sectors of Cooperatives, Planning, and Support Committees, respectively.

Be that as it may, Rosios was the right man for the right place (being a former captain of the National People's Liberation Army [ELAS]) since PASOK is struggling to assure support from the wider Left. Moreover, Vaso Papandreu had the same post in the previous Executive Bureau.

Things became sticky in the case of Laliotis, the most prominent spokesman of the Left wing in PASOK, who was assigned the post of the Cooperative Agricultural sector, after the premier's inner circle removed the sector of Cooperatives for Merchants and Small Businessmen from him.

With the new composition the premier's inner circle assures its complete control over this high party organ, while Giorgios Papandreu emerges as its most powerful member with two major sectors of responsibility, Enlightenment and Associations of Professional People. He is also partly

in charge of the international relations sector. The premier's son-in-law, Th. Katsanevas, assumes the rather "indifferent" sector of Culture, but he is appointed "associate"--that is, "overseer"-- in the Organization sector and the sector of "Sex Equality" (a sector in which the influence of Margarita Papandreou is particularly considerable.) He is also jointly responsible with Skandalidis in the Office of Mobilization. The important sector of Youth remains in the hands of Th. Tsouras who is completely devoted to the premier.

To weaken PASOK's Left wing, three sectors (Trade Union Movement, Culture and Cooperatives) were combined into two. The Workers-Employees Trade Union sector was assigned to Tzoumakas, a leftist but completely devoted to the premier and a close associate of G. Papandreou. Laliotis is his alternate.

Two moderates (G. Papandreou and Th. Tsouras) took over the Associations of Professional People. Laliotis is in charge of the Farmers' Cooperative, while moderate Papagiannis was assigned the Cooperative of Merchants and Businessmen. Katsanevas was given the Culture sector and leftist Lambraki the Sex Equality sector.

More specifically, the jurisdictions assigned to members of PASOK's Executive Bureau are as follows (alternates in parentheses): 1. Organizational Policy, K. Skandalidis (Th. Katsanevas); 2. Enlightenment, G. Papandreou (A. Rasiros); 3. Workers-Employees Cooperative, St. Tzoumakos (K. Laliotis); 4. Cooperative of Professional People, G. Papandreou (Th. Tsouras); 5. Farmers' Cooperative, K. Laliotis (G. Soulidakis); 6. Cooperative of Chambers of Commerce and Industry, Papagiannis (Vaso Papandreou); 7. Youth, Th. Tsouras (V. Papandreou); 8. Analysis and Programming, V. Papandreou (K. Laliotis); 9. Self-Government, Institutions, R. Lambraki (V. Papandreou); 10. Support Committees, A. Rosios (V. Papagiannis); 11. Culture, Th. Katsanevas (R. Lambraki); 12. Sex Equality, R. Lambraki (Th. Katsanevas); 13. Financial, G. Soulidakis (Th. Tsouras); 14. International Relations, D. Sotirlis (G. Papandreou); 15. Greeks Abroad, D. Sotirlis (St. Tzoumakas); 16. Press, K. Skandalidis (K. Laliotis). The Office of Mobilization belongs to the Organizational Policy Sector.

G. Papandreou was the only Executive Bureau member mostly favored in distribution of responsibilities and in that of geographic regions. He was assigned to Western Greece (his election district--Akhaia--is in that region). The distribution of geographic regions is as follows:

Thraki, Eastern Makedonia, St. Tzoumakos; Central Makedonia, K. Laliotis; Western Makedonia, A. Rosios; Ipeiros, Eirini, R. Lambraki; Thessalia, Dim. Sotirlis; Ionian Islands, V. Papagiannis; Western Greece, G. Papandreou; Sterea Ellas, Theo. Katsanevas; Peloponnisos, G. Soulidakis; North Aegean, Vaso Papandreou; South Aegean, K. Skandalidis; Crete, Than. Tsouras. The Attiki region was assigned to the whole Executive Bureau.

Indicative of the battle given on responsibilities of the Executive Bureau members is the fact that they met since yesterday noon and then only after they agreed among themselves did A. Papandreou and I. Alevras join them.
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SPECTRUM OF PASOK-KKE RELATIONS ANALYZED

35210010 Athens EMBISTEVTIKO GRAMMA in Greek 14 Oct 87 pp 11-12

/Analysis by Th.S.S.: "The Only Thing the Left Now Expects from PASOK is Votes"

/Text/ In the last few days we have noticed an increasing strain in the Left's relations with PASOK, something that has assumed such great proportions for the very first time in the 1980's. Observers speak about a frontal clash between the KKE and the Greek Left and the government party without, however, considering as a given fact that this bad climate--for PASOK--will also prevail in the next election.

On the basis of the experiences of continued "deception" of the Left by Mr A. Papandreu and the entanglements suffered by the "historic leadership," one question rightfully comes up at present: in other words, what would be the Left's reaction to new "predatory dilemmas" (perhaps this time they might also be "provocative dilemmas") that PASOK will try to get between now and the next election?

Relations Between PASOK and the Left

During the first 4-year period the entire Left coalesced with PASOK, something that resulted in having 2-3 percent of true-blooded leftist voters move over to it in June 1985. And this despite the fact that during the 1985 pre-electoral period the two traditional leftist parties had, for the first time since 1981, "disassociated themselves" from Mr Papandreu's "chariot."

After the 1985 elections, and particularly after the October 1985 measures, the leftist parties espoused a restrained rejection of the government's policy. Finally, just in the last few days following Mr Mitsotakis' statement about the simple proportional electoral system, this restrained rejection turned into a frontal clash.

The KKE's Long-term Goals

It is clear that this course by the Left, particularly by the KKE, that we have briefly described, conforms to a long-term plan. Goals are given to communist parties with very long-term prospects and they are followed to the letter continually even when reality shows that they are altogether unattainable. Following PASOK's rise to power the following seem to have been the KKE's three goals:

1. To derive ideological benefits primarily from the leftist language that prevailed in state mass information media.
2. To promote their own people in the state mechanism and to increase its influence in important "mass areas" (universities, trade unions, local self-administration, etc.).
3. To derive permanent electoral benefits, when PASOK should lose power from its expected breakup in case of an overwhelming electoral defeat.

The KKE's Goals Today

Ideologically-speaking, both the KKE as well as the entire Left is presently retreating. Any ideological gains that it amassed from the leftist language that prevails in state mass information media have been reduced to nothing because of the reality of the failure of the government's policy in its first 4 years in power.

This retreat started out with the virtual admission by PASOK of the failure of its economic policy in 1985 and that is now extending to other issues such as health, education, etc.

As for the promotion of "its own people," the KKE has more or less won all that it was to win.

Now, in fact, as PASOK is beginning to master a much more technocratic concept of government, the KKE has begun to experience some losses in this field also.

Thus, today the KKE's sole goal that remains to be fulfilled is picking up votes that would become available from PASOK's fall from power and breakup that most probably will ensue.

It is clear that this goal is ruled out if PASOK should win the next election because the government party would then have the necessary time to put the Left "in the corner," ideologically-speaking, oppressively pressuring the KKE, since it will have been altogether delivered of its own leftist past.

At the same time, the constant merciless political blows suffered by PASOK, resulting in an increase of strong anti-government feelings in the Center-Left area also, are offsetting the KKE's fears about its being alienated from PASOK's grass roots. Thus, the frontal confrontation with PASOK, that completely eclipses any possibility of the present government being re-elected, is for the Left not merely justified by necessary tactics.

Tactics, in fact, in which President Reagan too is helping what with his talks with Mr Gorbachev that make much less significant for the Soviets the intervention of the initiative of the six.

Conclusion: For the KKE and also for the Greek Left the clash with PASOK is no longer only the desire of a significant segment of their followers. It is also a movement that corresponds to their long-term plans since the only thing they now expect from PASOK is votes. Votes that will be all the more numerous as PASOK's defeat in the next election will be all the more spectacular.

GORBACHEV VISIT PREDICTED FOR NOVEMBER 88

Athens EMBISTEVTIKO GRAMMA in Greek 14 Oct 87 p 1

[Text] Reliable information from Soviet diplomatic circles says that Gen Secr Mikhail Gorbachev is likely to accept the invitation extended by Andreas Papandreou for a visit to Athens in November 1988. This visit will be made within the context of Greece's presidency of the EEC and will end with a spectacular agreement between the EEC and the COMECON, an agreement whose preparation has already begun last week. However, it is the Greek government's "burning desire" to present this agreement as a "historical achievement" by Mr Papandreou and his "nationally proud" policy.

Additionally, Mr Papandreou's aim is to have Mr Gorbachev's visit precede the Athens European Conference (7-8 December 1988) so that the prime minister will be able to use this occasion to show he is an important international leader.

Indeed, it is on this international dimension that Mr Papandreou will center the entire PASOK pre-electoral campaign, which will be initiated right after the conference, whose ending will coincide with the announcement of elections for February 1989.

It should also be stressed that PASOK would like to separate the parliamentary elections from the corresponding Europarlimentary ones, which should take place in June 1989. However, this is also Mr K. Mitsotakis' desire, as the ND leader would want to proclaim new elections in case he does not obtain a large majority during a victory in the next elections.

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CSO: 3521/16

COMMENTS ON IMPROVEMENT OF RELATIONS WITH BULGARIA**Countries' Similarities Stressed**

Athens ELEVITHEROTYPIA in Greek 6 Oct 87 p 9

[Article by Victor Netas: "Bulgaria: An Opening With Prospects"]

[Excerpts] Bulgarian journalists had a fine and useful idea for the further development of friendship, cooperation and relations with Greece. They invited Greek journalists to Sofia to discuss in a friendly exchange the possibility of establishing a Bulgarian-Greek Press Club with the prospect of broadening it with participation of journalists from other Balkan countries.

It was not an accident that they chose Greece. Both countries were able to overcome any problems that divided them—even the fact that they belong to different alliances and political systems—and to develop exemplary relations, climaxed with the Zhivkov-Papandreu declaration of November 1986.

One is very impressed by the similarities between the two peoples—and this even a simple visitor can see. They have common interests so they can come closer together, to live together as good neighbors and open the way to a wider Balkan cooperation. The rapprochement so far is not merely due to the initiative of the leaders in the two countries (on the Greek side they started with George Papandreu and continued with Con. Karamanlis and Andreas Papandreu), but mainly to the desire of the two peoples and their common features.

With restoration of Greek-Bulgarian relations by the government of George Papandreu, the peaceful invasion by Greek tourists to Bulgaria started, which continues in increasing numbers and to such an extent that during Easter Sofia seems to have the appearance of a Greek city.

At the same time Greek students began to enrol in Bulgarian universities—some 1,500 today—merchants enter into trade transactions and hundreds of patients go for treatment to our neighboring country.

The two countries have many common interests in addition to common traits of the two peoples, which favor friendship and good neighbor relations.

These common interests were described during one meeting in Sofia by Bulgarian journalist Peter Kouzoukharof, vice president of the Radio-TV Commission. He said that our common interests are long range. They are:

--Political: The two countries do not want stability to be disturbed. They do not want tension. Greece does not face a threat from the north. I believe Bulgaria's southern borders are safe. This creates many possibilities.

--Economic: Bulgaria may use Greek ports for her trade with the Middle East. Greece may use Bulgarian highways and railways for its trade with Europe.

--Ecological protection: Ecological problems do not recognize borders. In Bulgaria acid rain destroys the forests. I understand the anxiety in Greece because of the nuclear plants in Bulgaria for electrical energy.

--Cultural: It is well known how popular Greek music is in Bulgaria and the interest in the ancient civilization.

--Tourism: There are many possibilities for further development.

On the basis of these common interests a systematic effort must be made by both countries. This effort is considerably favored by the Bulgarian opening for "perestroika". However, it is necessary to revamp our own services in order to quickly study the possibilities and prospects now opening, so they can move effectively.

It is very impressive how much this climate favors initiatives in all sectors of activity. What Greece and Bulgaria have achieved has great significance for the other Balkan peoples. Greece and Bulgaria hold the same views about the other Balkan peoples. Bulgaria has problems with Turkey similar to those Greece has. In any event, the road has opened up for peaceful Balkans. The efforts must go on.

Improvement in Relations Arouses Doubt

Athens I KATHIMERINI in Greek 11-12 Oct 87 p 6

[Article by Kostas Iordanidis: "Our Balkan Policy 'Focuses' on Special Relations with Sofia"]

[Excerpts] The insistence on creating the impression that special relations exist with Bulgaria; the zestful effort to establish closer relations with Albania; the response to initiatives undertaken by the government of Yugoslavia in the hope that causes of friction will disappear; and, finally, a yet unexpressed displeasure between Athens and Bucharest, are the elements which make up the panorama of intra-Balkan relations of the Greek government on the eve of the visit to Bulgaria by Greek President of the Republic Khr. Sartzetakis and in view of the Balkan contacts this fall.

The decision of the A. Papandreu government to seek upgrading of the Balkan dialogue apparently did not have the expected results, since, in the opinion of political observers, it brought to the surface a number of "problems". At the same time no real progress has been made on the question of bilateral cooperation, which constituted the heart of the Karamanlis governments.

More specifically, the declaration signed on 10 September 1986 between Greece and Bulgaria, while it did not change the essence of security problems our country faces, caused many questions and reservations on the part of our allies according to well-informed sources.

The visit to Sofia on 27 March 1987 by Greek Foreign Minister K. Papoulias at the height of the Greek-Turkish crisis in the Aegean, caused NATO Secretary General Lord Carrington to voice his puzzlement. Carrington sought some explanation from Ambassador Khr. Zakharakis, the Greek permanent envoy to NATO headquarters, but he did not secure any statements of support for the Greek government.

Since that time several visits took place, mostly by Greeks:

--On 14-17 May, Bulgarian Foreign Minister Peter Mladenov visited Athens and discussed various questions, including those relating to terrorism and drug traffic.

--On 1-3 July the Chief of the General Staff of Defense, Air Force General N. Kouris, visited Sofia, the first such Greek to visit a Warsaw Pact country. Although the exchange of visits between Soviet and Turkish staff officers is not uncommon, the Kouris visit raised questions in certain Allied circles.

--On 15 July, Premier A. Papandreu visited Sofia for one day for cordial talks with Bulgarian President Todor Zhivkov on matters relating to disarmament and Balkan security.

--On 22-28 July, Greek Minister of Public Order And. Drosogiannis visited Sofia where he met Bulgarian Minister of the Interior Stogianov and discussed matters relating to the fight against drug trafficking and terrorism.

The visit by President Sartzetakis on 12-15 October will be the fifth visit to Bulgaria by a Greek high-ranking official in a space of less than 7 months.

Foreign diplomatic sources in Athens noted that the frequency of such high-level visits to Bulgaria arouses certain questions, not only among Allied governments, but also in Belgrade. The same sources wonder what purpose can be served by a weakening of traditional ties between Athens and Belgrade and a shift toward Bulgaria at the very moment tension between Sofia and Ankara is de-escalating, and, in the event of new heightened tension, the crisis will be dealt with in the context of the conflict between the two strategic camps--East and West--with zero benefit to Greece.

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CSO: 3521/2

HEAD OF ONE OF COUNTRY'S BIGGEST UNIONS QUILTS PEOPLE'S ALLIANCE**Gudmundur J. Gudmundsson Cites Dissatisfaction**

Reykjavik MORGUNBLADID in Icelandic 30 Jul 87 p 2

[Article: ["Gudmundur J. Gudmundsson Resigns from People's Alliance: For Reasons of Personal Defamation and Insincerity Among People"]]

[Text] Gudmundur J. Gudmundsson, chairman of the Reykjavik General and Transport Workers' Union, Dagsbrun, and the Icelandic General and Transport Workers's Federation, former member of parliament for the People's Alliance, resigned from the party the day before yesterday after 43 years of membership in the party and its predecessor, the People's Unification Party, the Socialist Party. Gudmundsson confirmed this in a conversation with MORGUNBLADID yesterday.

"I am not starting any war. This is just a decision I made a long time ago, which I have become constantly more confirmed about as time has gone by, and I feel I can justify that. The reason from my resignation is manifold. An unpleasant atmosphere prevails within the People's Alliance, as well as insincerity among people. People have many duties; they must apply themselves to other tasks than altercations and personal defamations," said Gudmundsson about his reasons for resigning.

"I feel fine and I do not consider this an important event in my life, or that I have wasted my life for nothing for so many years. Far from it. There are very many good people in the party and excellent voters who supported the party through the years whom I respect enormously and I have no intention of fighting any battles with these people. I hope that those who have been my friends within the party will continue to be my friends. I simply feel that my time is better utilized in a different manner and I do not want to be subjected to any party rules imposed by various current People's Alliance party leaders. I feel that I will serve the workers better by not wasting my time in hopeless arguments that way," he added.

Gudmundsson has been a member of the People's Alliance and prior to that a member of the Socialist Party from the time he was 17-years-old; he is now 60-years-old. He resigned as a parliamentarian this spring after having been a member of parliament from 1979. He was also a city councilman for the party in Reykjavik for one term and an alternate city councilman for 3 years; he was also a member of the party's Central Committee and the Executive Board, as well as serving many representative positions for the party for a great number of years. Gudmundsson has not attended party meetings since April last year, but he supported the party in the last elections without participating in the election campaign. He stated that he did not want to resign from the party before the elections or during the period of government formation.

"My view on life is completely unchanged. I did not become a social democrat and a socialist overnight. I was brought up in a part of Reykjavik where seamen and laborers lived, and I have had an extremely strong desire to work for these people. All my views are unchanged and I am not planning any warfare against the People's Alliance. I support the ideology which the People's Alliance pursued, but I do not want to be subjected to the People's Alliance party discipline or the discipline of various people who compose the

party leadership. However, I do not want to name any names in this connection as I have not pursued the personal defamation that prevails within this party. I am extremely busy and I will be concentrating on my tasks. I feel that it is more fruitful to work for the workers in the arena I am elected for," said Gudmundur J. Gudmundsson in conclusion.

Columnist Views Defection

Reykjavik MORGUNBLADID in Icelandic 1 Aug 87 p 9

[Commentary by 'Staksteinar': "Gudmundur J. Gudmundsson and the People's Alliance"]

[Text] The editorial of ALTHYDUBLADID yesterday discussed the resignation of Gudmundur J. Gudmundsson, president of the Reykjavik General and Transport Workers' Union, Dagsbrun, from the People's Alliance. It is maintained in the editorial, in the same way as it was done in the MORGUNBLADID editorial yesterday, that it is a great simplification on the side of Olafur Ragnar Grimsson to explain the resignation with reference to the financial support Gudmundsson received from Albert Gudmundsson at that time, which was blown up in the mass media about 1 year ago. Today, STAKSTEINAR publishes the editorial from the ALTHYDUBLADID in full.

After 43 Years

The editorial of ALTHYDUBLADID yesterday was called "Labor Hero Departs." It states: "Gudmundur J. Gudmundsson, president of the Dagsbrun Labor Union and former member of parliament for the People's Alliance, has resigned from the People's Alliance. Gudmundsson states that the reasons for his resignation are personal defamation and insincerity among people within the party. In an interview with MORGUNBLADID, Gudmundsson says that "people who have many duties to perform must apply themselves to other than argumentation and personal defamation." The news about Gudmundsson's resignation is in many

ways important. Gudmundsson has been a loyal party member of the People's Alliance and its predecessor, the Socialist Party, for 43 years. Gudmundsson is now 60-years-old and joined the Socialist Party when he was 17-years-old, and he has served many representative positions for the party; he has been a member of the Central Committee and the Executive Board; he has been an alternate city councilmen for the party for 3 years and a city councilman for one electoral term. Gudmundsson has been a member of parliament for the People's Alliance since 1979 but resigned from that position this spring. But Gudmundsson has, first and foremost, been a symbol for an uncompromising labor leadership of the People's Alliance and it is, of course, big news that the best known labor leader of a party for socialism and labor movement resigns from the People's Alliance after almost 50 years of hard work in the party machine."

Great Simplification

ALTHYDUBLADID continues:

"Olafur Ragnar Grimsson, chairman of the People's Alliance Executive Board, said in a news program on the State Television the day before yesterday that Gudmundsson had not participated in party work since Albert Gudmundsson's financial support to him [G.J.G.] had become widely known and the People's Alliance Central Committee had made a resolution. In this way, Grimsson hinted that the reasons for Gudmundsson's resignation had been financial ties with the Hafskip case. Without any judgement being made about that in this article, it is pure childishness to simplify Gudmundsson's resignation by this one issue. The resignation of the most active labor leader of the People's Alliance from the party must be viewed in a wider perspective. The departure of Gudmundur J. Gudmundsson from the people's Alliance is one more guidepost in the perilous trek of the people who have aligned themselves with the People's Alliance. Public opinion polls have shown that the party of the labor movement has extremely little support among workers. When one of the most active labor leaders of the country turns his back on the People's Alliance, it is, in fact, a condemnation of a party that has lost its powerful influence within the labor movement. Other labor leaders have previously turned their back on the People's Alliance; it is not too long ago that Bjarnfridur Leosdottir resigned from the party. Nor does the party leadership seem too keen on having effective labor movement representatives gain influence within the party. In the parliamentary elections this year, president of the Icelandic Federation of Labor, Asmundur Stefansson, was placed on the slate where he would not get elected. In other words, the labor movement does not want to have anything to do with the People's Alliance, or the People's Alliance with the labor movement."

Fratricide

ALTHYDUBLADID says in conclusion:

"Fratricides have for a long time characterized communism. When men have served their military duty for the party, they are quite often sacrificed. This tradition of Stalinism has in many ways characterized the People's Alliance and its predecessors, the Socialist Party and the Icelandic Communist Party. When Gudmundur J. Gudmundsson fought his hardest battles during the

media furor surrounding Albert Gudmundsson, the People's Alliance paid him for his almost half a century of long and loyal service by stabbing him in the back. And now the hero has paid his respects and left the party. Who can blame him for that?"

People's Alliance Decline Compared

Reykjavik MORGUNBLADID in Icelandic 29 Jul 87 p 9

[Commentary by 'Staksteinar': "On the Decline"]

[Text] The poor results of the Communist Party of Portugal in the elections recently has been lost in the shadow of the great victory of the social democrats, according to the magazine ECONOMIST. The support for the Communist Party which was 15.5 percent in 1985, is now about 12 percent. This is the greatest loss which the party has ever suffered in an election since democracy was established in the country in 1974. But this is not a unique incident. All the communist parties in Western Europe which enjoyed considerable influence on the first half of the last decade are headed the same way, that is declining. The People's Alliance members sometimes refer to themselves as communists when they are among friends and in a good mood, and therefore they are permitted to be included in this study of the support for communist parties in Western Europe.

Meager Harvest

The magazine [ECONOMIST] says that the harvest has been rather meager among the communist parties in Western Europe in recent years. Even in Italy, the support for the Communist Party has declined considerably since the 1976 elections when the party support reached its peak. In France, the communists usually received over 20 percent of the support in the elections during the forties and fifties, and they were always larger than the main opponent, the Social Democratic Party. But that is in the past and the support for the party has shrunk by more than half since the golden era.

In France, Spain and Finland, more moderate leftist parties have increased their support at the expense of the communists. In fact, all these parties have lost support in the elections during the last 18 months, but there is still a leftist government in Spain, and no one expects that Finnish and French communists will ever gain equal status with their competitors on the left wing of politics.

Some of the parties are distraught with internal conflicts. In Britain, West Germany and Norway, where the communist parties enjoy 0.1-0.3 percent of the voters' support, internal disunity and dissension is hardly of much consequence. It has, however, had very serious consequences for the Spanish Communist Party, as well as the Finnish party which split last year.

International Collapse

This is now new science for people interested in the history of Icelandic leftists. The successor of the Icelandic Communist Party, the People's Alliance, has always shown all the characteristics that seem to plague their sister parties on the continent. Even the loss of followers seems to be internationally related!

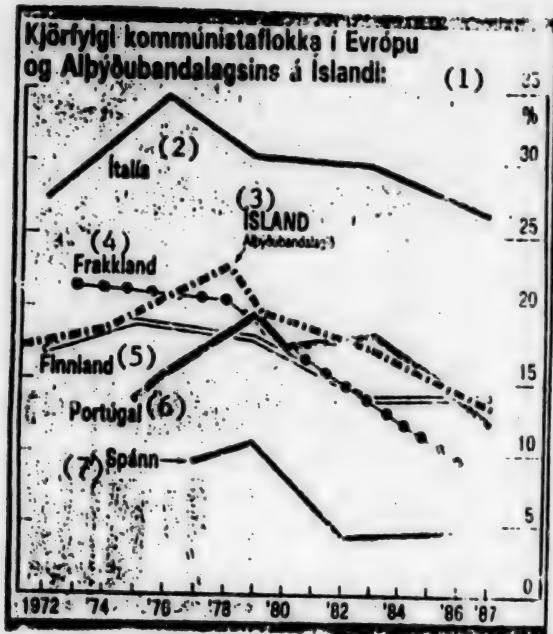
Internal party dissension and quibbles are also words that sound familiar, as it is quite definite that very few parties have offered viewers in the political arena more of that than the People's Alliance.

Just call to mind that in the wake of the election results from the last election, the chief party prophets were told to go on a retreat in order to scrutinize the problems of the People's Alliance. The reports from the party elite are probably the best example about the People's Alliance existence problem, as they mainly consisted of taunting the authors of the other reports and the party leaders.

Arrogance and Disregard

In her report, Gudrun Helgadottir said, for example, about the parliamentary group of the People's Alliance: "Little effort is devoted to controlling the party work, and each and everyone fights to claim certain parliamentary issues. It is obvious that the three former ministers in the parliamentary group consider themselves a different breed and more important than we the regular people. Arrogance and disregard is prominent in the parliamentary group; no personal relationships are nurtured and day to day relationships between people are rather unpleasant." In so many words, that undeniably casts some light on why the People's Alliance has been rejected by the majority of the nation.

The news that the support for the communist parties is on the decline is joyous news which all sensible people should welcome. These parties, which are relics from the first half of this century when people saw the Russian revolution and the social system that was implemented in its wake with a halo, have nothing new to offer in a contemporary society and are best kept in the history books for the future.



GRAPH:

- 1) Voting support for communist parties in Europe and the People's Alliance in Iceland
- 2) Italy
- 3) Iceland (People's Alliance)
- 4) France
- 5) Finland
- 6) Portugal
- 7) Spain

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CSO: 36260007

POLL INDICATES 'POST-ELECTION CALM'

36390011a Oslo AFTENPOSTEN in Norwegian 31 Oct 87 p 3

[Article by Kjell Hanssen: "Post-Election Calm"]

[Text] The election outcome shook the parties, and the breakdown in government negotiations in the non-socialist camp altered the political agenda. But the relative strength of the traditional blocs is the same as before. Today's opinion poll from Norsk [Norwegian] Gallup shows this.

A month before the election, in September, 44.4 percent of those asked answered that they would vote socialist (Labor Party or Socialist Left Party). Now, one month after the election, 44.5 percent say the same. Then the four parties that had been construed as non-socialist together had a following of 50.1 percent. Now the figure is 49.7. There has been no change.

As Last Time

Nor has Norsk Gallup measured notable changes from September to October. The Progressive Party has grown somewhat in relation to the last poll figure, but not in relation to its election showing.

The Labor Party (+ 2.4) and the Conservative Party (+ 2.7) are in a better situation now than in the local elections, but their poll figures are as good as unchanged.

Next Best

Gallup also asked about the "next best" party. Twenty-one Labor Party sympathizers consider the Progressive Party the "next best" party, while 18 Hagen voters say the same about the Labor Party. This constitutes 6 and 15 percent, respectively, of the two parties' followings.

	General election 1986		1986 Oct		Nov		Dec		Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov							
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%						
Ap.	40.8	39.6	36.0	36.2	37.6	39.2	40.0	40.1	41.0	41.0	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1	40.1						
DLF.	0.5	0.6	0.4	0.7	0.1	0.6	0.1	0.1	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3					
Fr.p.	3.7	3.1	2.6	4.1	5.0	4.2	6.1	4.1	3.2	3.2	5.2	7.3	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9					
H.	30.4	33.5	31.9	30.5	31.6	31.6	31.2	31.7	32.6	32.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6						
Kr.l.	8.3	8.2	9.6	8.1	8.1	7.9	8.2	7.8	7.4	7.4	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1					
NKP	0.2	0.2	0.1	0.2	0.3	0.2	0.1	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1					
RV	0.6	0.4	0.8	1.1	0.4	0.3	0.3	0.3	0.7	0.3	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7				
Sp.	6.6	6.1	6.8	6.7	7.2	7.2	7.0	7.0	6.0	6.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5				
SV	5.5	5.7	6.2	6.0	6.6	6.9	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5				
V	2.1	2.5	2.3	3.4	2.6	2.0	2.7	2.0	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4				
Other	0.4	0.3	0.2	0.0	0.3	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4	0.1			
Totals	100.1	100.1	100.0	100.1	100.2	100.2	100.0	99.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0					
Ap. + SV	46.3	45.3	44.2	45.2	44.2	46.1	45.5	45.5	46.1	46.1	44.7	45.9	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4				
H. + Kr.F.																																				
+ Sp.	45.3	47.8	46.3	46.3	47.1	46.3	46.4	46.4	46.9	46.9	46.5	46.7	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6			
H. + Kr.F. + Sp. +																																				
Fr.p.	49.0	50.9	51.9	49.4	52.1	50.5	50.5	50.0	48.4	48.4	50.9	49.9	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1		

The figures indicate what percentage of the votes the parties would receive should a general election be held tomorrow. These figures are weighed against which party was voted for in the general election in 1985. The interviews were held from 5 to 19 October 1987. Norwegian Gallup Institute, Inc.

Key:

- Ap. Labor Party
- DLF. Liberal People's Party
- Fr.p. Progressive Party
- H. Conservative Party
- Kr.f. Christian People's Party
- NKP Norwegian Communist Party
- RV Red Voters Alliance
- Sp. Center Party
- SV Socialist Left Party
- V Liberal Party

But those who have most to gain from one another are the Labor Party from the Socialist Left (48 percent), the Conservative Party from the Progressive (39 percent), the Progressive from the Conservative (31), the Socialist Left from the Labor (31), and--more surprisingly--the Conservative from the Center Party (22). On the other hand, it is just six percent of the Conservative Party's voters that could imagine voting Center.

The Road Back

However, to view another party sympathetically is not the same as actually going over to it. While 22 former Labor Party voters (six percent) say that they will now vote with the Progressive Party, it is just a single one of Hagen's former voters who states that he will now vote with the Labor Party. The road back is clearly harder to walk than the road ahead.

8831

PROGRESSIVE PARTY STRONGER IN MUNICIPAL GOVERNMENTS**Meeting Reveals Greater Aggressiveness**

36390011b Oslo AFTENPOSTEN in Norwegian 20 Oct 87 p 3

[Article by Ole Johan Nilsen: "Aggressive Progressive Party in 173 Municipalities"]

[Text] The Progressive Party has found its soul and would rather stand alone than renounce its distinctive quality. An aggressive party will be at the starting line in the municipalities over the new year with 756 representatives. At the moment there is no information regarding how many members the Progressive Party has, but it would like to have more. The party is promising major drives in the social sector.

"Following the party's national executive committee meeting this weekend, it was learned that what produced the greatest return in the form of votes in the election was opposition to the established power politicians," Vice-Chairman Pal Atle Skjervengen said at a press conference in Oslo on Monday. They want to take up the cause of the individual still more strongly, and the strategy for the election campaign in 1989 is to be worked out now in line with this.

"The broadside against the Labor Party's welfare state was another main reason for the Progressive Party's election victory," Skjervengen said. He denied that the denunciations of the refugee policy had been decisive; if so, it was not out of racist motives, he said.

National Insurance Financing

The Progressive Party will submit a new model for national insurance financing. It will both eliminate the health service lines, protect national insurance system rights, and provide pensions to live on.

According to Skjervengen, the party has now found its soul, which lies in the fact that its distinctive quality is being stressed at any cost. "We will act independently and will not hang on anyone else's heels," he said. "Henceforth we would rather stand alone than renounce our distinctive quality."

The Progressive Party will organize itself better, and, as other parties have done, get solidly built county secretariats. The party that is demanding order and perspective in much has no perspective concerning how many members it has--10,000 or 15,000 it was said. They intend to recruit more throughout the fall.

"We are a relatively new party," Skjervengen explained. (The party was formed in 1977, and its predecessor in 1973.)

The party leadership has announced more aggressive city council groups for next year. The Progressive Party now has 756 representatives in 173 municipalities.

Hagen Attacks Middle Parties

36390011b Oslo AFTENPOSTEN in Norwegian 30 Oct 87 p 12

[Article by Thorleif Andreassen: "Hagen Regarding In-Between Parties: 'They Are Trading the Conservative Party for the Labor Party!'"]

[Text] The Progressive Party's Carl I. Hagen lashes out at the in-between parties: "They have traded the Conservative Party as a coalition partner--and chosen the Labor Party!" The powerful salvo was discharged in connection with the submission of the Progressive Party's budget alternative, which, for one thing, involves fewer funds for agriculture, the stripping of subsidies for unprofitable state concerns, and the denationalization of a number of State operations.

On the other hand, Hagen's party supports 500 heart operations a year in foreign countries. The party set aside 32.5 million kroner for this. It has been proposed that 27.5 million kroner be appropriated for orthopedic operations abroad or at Norwegian private health institutions.

The Progressive Party proposes to buy 2000 private hospital and senior citizens' home accommodations next year. The party wants to use several hundred million kroner for this purpose.

Denationalization

A main feature of the Progressive Party's budget proposal is denationalization and debureaucratization. They want to change the Telecommunications Agency and State power plants into corporations, with the aim of a gradual change to the selling of shares to private individuals. In addition, the party wants to make into a separate corporation the part of the Aviation Service that operates airports. The longterm goal here, too, is denationalization.

No to Top Taxes

The Progressive Party says no to top taxes and wants to have reduced appropriations for the culture sector, to cut subsidies for agriculture, for one thing, and to reduce the bureaucracy. The party advocates the further selling of Hydro stock and want to have a cautious start on the selling of Statoil stock. The Progressive Party says a flat no to more transferring of State funds for Syd-Varanger [South Varanger] and the Iron Works.

Confirmation

Carl I. Hagen, in a conversation with AFTENPOSTEN, comes out strongly against the Christian People's Party and the Center Party's budget discussions with the government. "What has happened now confirms and makes visible the longterm drift toward the Labor Party that the Center Party has been in for a long time, and which the Christian People's Party followed up under Kjell Magne Bondevik's leadership. The goal is obviously to trade the Conservative Party for the Labor Party as a new coalition partner. This has been a systematic development over several years."

[Question] But Bondevik took part in the attempt to get a new non-socialist government this spring and voted with the Conservative Party, did he not?

Alibi

[Answer] "Yes, he tried to get himself an alibi. But Bondevik knew full well that the Center Party would vote as they did. The special interest parties have with open eyes maneuvered themselves into a situation where together with the Labor Party and Socialist Left Party they will constitute the Storting majority that will govern the country from now on," claims the Progressive Party's chairman.

8831

POLL ON ANGOLAN SITUATION: NO INTERVENTION PREFERRED

Lisbon O DIABO in Portuguese 29 Sep 87 pp 10-11

[Text] The visit of Eduardo dos Santos to Lisbon leads many people to wonder what our community's position is concerning the Angolan problem. With that in mind, CEMASE conducted a poll intended to discover this Africa which seems to slumber in the corner of one's memory, and linger in the everyday fears and dreams of the Portuguese who were part of the original picture.

Importance of Angola

The somewhat arbitrary sequence of the questions asked, their phrasing, and possible misunderstandings regarding the scope of the questions may have produced paradoxical, even contradictory, results at some points. In general, however, they serve to indicate defined positions. The most striking aspect of the findings is that they show the importance the Portuguese people attach to relations with Angola: 73.1 percent of the respondents believe these ties are important (either very important or somewhat important), while slightly more than 18 percent see them as unimportant, or not very important. Another aspect that stands out is that 72.6 percent of the respondents who reported having voted for the PSD affirm the importance of relations with Angola. There was a time when PSD leaders saw ties with Africa as ranking second to relations with the EEC.

When we inquired as to practical knowledge of the Angolan area, we found that young people under the age of 24 had almost none (only 3.1 percent had been to Angola), while more than 32 percent of the adults indicated that they had first-hand knowledge of it. About 14 percent of the respondents had been in Angola after "decolonization." Most of these (31.6 percent) were from the upper classes and the PS and PSD (12.5 and 13 percent). This may indicate the relative importance of the cooperation projects that are rather quietly being carried out.

The Situation is "Very Bad."

The great majority (56.2 percent) characterized the current economic situation in the territory as "very bad", and blamed this primarily on the manner in which independence was granted (64.2 percent) and on the conflict among the various movements (56.4 percent). Relatively few believed that the fault lay with the evils of our "colonization" (15.8 percent ranked this as the leading cause; 7.5 percent put it in second place). Most of these (35.5 percent) were found among the older respondents. Asked to give predictions concerning the duration of the conflict, a slight majority (38.5 percent) feels that it cannot be resolved. While a significant portion (26.7 percent) believes an understanding can be reached. Only a few expect a MPLA or UNITA victory (11.3 and 7.3 percent, respectively.)

Also regarding the war, a large majority (49.4 percent) said that our role ought to be that of fostering an agreement between the enemies. A significant number, however, (32.2 percent) believe that Lisbon should keep completely aloof from the conflict. Only small minorities advocate supporting MPLA (9.3 percent, most of them CDU and PS supporters) or UNITA (5.3 percent, mostly from the PSD/CDS).

A high percentage (83.6) of the respondents want the Cubans to leave Angola. This was true to a significant extent even among the CDU voters (78.6 percent). An important, but lower, proportion (79.8 percent) denounces any intervention by South Africa on the side of UNITA. Only 10.6 percent argue that relations with Luanda should be broken off, while the majority of the respondents declare that Portugal "has been only a tourist" (32.0 percent) or has not made good use of the economic cooperation ties with Angola (34).

In summarizing this section of the survey, it can be said that a "neutralist," yet not "isolationist," current has been created in Portugal as regards the political life of the former province.

Solutions?

In terms of the measures to be taken to overcome the disasters of the war, most Portuguese (40.6 percent) would, of course, prefer an "end to the conflict," but a reasonable percentage (21.4) believe it is necessary to change the ideological direction of the Luanda government. The withdrawal of the foreign troops and the privatization of the economy are secondary considerations. Among those less important measures, the respondents rank restitution of the assets left in Angola and the improvement of official relations as most important.

When an overall calculation is made, such a restoration of property becomes the third most important measure (supported by 33.2 percent), perhaps serving to reveal the persistence of a certain amount of trauma due to hasty and cataclysmic abandonment.

MPLA and UNITA

A significant part of the survey dealt with the perception of the UNITA and MPLA movements, as well as of their leaders. A big majority (56.2 percent) sees the Savimbi group as "pro-western nationalists," as a militarily well-equipped movement (57.7 percent), "on the right" (49.4 percent), and headed by a "pro-Portuguese" leader (41.1 percent, predominantly PSD and CDS voters). A big majority (58.9 percent) sees MPLA as "pro-Soviet," and says that it stays in power because of the USSR (57.2 percent) and holds Marxist views (61.0 percent.) No majority of respondents claims that any of the movements has the full support of the population. What the respondents may be trying to convey here is the "superficiality" of the civil war, which enmeshes large sectors of the innocent masses in the machine of death.

Savimbi and Dos Santos

Jonas Savimbi is better known than Eduardo dos Santos (35.3 vs. 29.5 percent) and most respondents consider him to be a charismatic figure who "fights for the good of his people." Most do not see any charisma in Eduardo dos Santos. Instead, they regard him as controlled by the Soviets (61.0 percent) because he has no alternative (51.9 percent).

A vital part of the survey concerns the official visits of the opposing leaders. A big majority (53.9 percent) is in favor of an official reception of Savimbi and Eduardo dos Santos. Only 20.7 percent support the announced denial of a visa for the UNITA leader. A small majority would back a visit only by Savimbi, and a rather more significant portion favor a visit only by Eduardo dos Santos.

In general, we can say that the Portuguese have not forgotten Angola, support cooperation, but don't want to help fuel the flames of the war. Perhaps the Portuguese government will find in these survey results arguments for distancing itself further from MPLA, without having to fall into the arms of UNITA.

Statistical Background

Universe studied: individuals over 18 years of age who reside in the Lisbon and Porto metropolitan areas.

Sample Contacted--selected according to the following:

Size: 397 interviews conducted, for which there is a maximum margin of error for the total of about 5 percent, at a level of reliability of 95 percent.

Selection: random, using the "random route" method for selecting the homes and the "Kish" method for selecting the individual respondent. The interview was direct and personalized. A structured questionnaire was used.

Field work: Conducted on 16, 17, and 18 September 1987. The survey was taken by 18 interviewers from the field department of CEMASE, from its Northern regional office in Porto, and its Southern regional office in Lisbon.

Responsibility: CEMASE - Market Studies and Socioeconomic Analysis, Ltd., is responsible for the interviews and the electronic processing of the data collected.'

O DIABO is responsible for analyzing and interpreting the data.

Who should the Portuguese Government Receive:

	%
Jose Eduardo dos Santos e Savimbi?	53.9
Only Jose Eduardo dos Santos?	27.7
Deny Savimbi a visa?	20.7
Only Savimbi?	3.8
Neither?	2.8
Don't Know/Didn't Answer	9.3

What Has Been the Attitude of Portuguese Governments Toward Angola?

	%
They have limited themselves to being tourists..	32.0
They have not taken advantage of opportunities for economic cooperation.....	34.5
They do everything they can, but the Government of Angola does not cooperate.....	21.4
Don't know/didn't answer.....	12.1

With Which of These Statements About MPLA
Would You Agree or Disagree?

%

	Agree	Disagree	Don't Know / Didn't Answer
MPLA is a pro-Soviet movement.....	58.9	26.4	14.6
It is a movement that has the support of most of the Angolan people.....	40.3	43.8	15.9
It is a movement that remains in power only with the support of the USSR	57.2	27.5	15.4
It is a movement with Marxist ideas....	61.0	23.9	15.1

With Which of These Statements About UNITA
Would You Agree or Disagree?

%

	Agree	Disagree	Don't Know / Didn't Answer
UNITA is a pro-western nationalist movement.....	56.2	28.5	15.4
It is a movement that has the support of most of the Angolan people.....	39.8	43.8	16.4
It is a well-armed guerrilla movement..	57.7	26.2	16.1
It is a movement without political ideas	35.5	48.6	15.0
It is a group of bandits that survives only with the support of South Africa.	35.5	47.8	16.6
It is a movement of the Right.....	49.4	33.8	16.9

**What Do You Believe is Indispensable to
an Understanding Between the Portuguese
and the Angolans?**

%

	in 1st Place	in 2nd Place	1st & 2nd
An end to the MPLA/UNITA conflict.....	40.6	12.1	52.6
Change in the political ideas of the Government of Angola.....	21.4	12.8	34.0
Restitution of Portuguese property....	10.6	22.7	33.2
A better understanding between the governments.....	13.4	23.9	37.3
Withdrawal of the Cuban and Soviet troops.....	4.5	12.1	16.4
Privatization of the Angolan economy..	1.0	3.8	4.8
Other measures.....	0.8	3.0	3.8
Don't know/didn't answer.....	7.8	9.6	9.6

**If You Believe the Economic and Social Situation in Angola is Bad or Very Bad,
to What Do You Attribute This?**

%

	In 1st place	In 2nd place	Don't know/ Didn't answer
Colonization by the Portuguese.....	15.8	7.5	23.3
Manner in which independence granted...	37.0	26.6	64.2
Conflict between MPLA and UNITA.....	31.6	24.8	56.4
The political ideas of the Government.,,	6.3	10.4	16.7
Intervention by the USSR and the Cubans	2.7	18.5	20.9
Intervention by South Africa	4.8	9.3	14.0
Don't know/didn't answer	0.9	3.0	3.0

With Which of These Statements
About the Present Government of
Angola Do You Agree or Disagree?

%

	Agree	Disagree	Don't Know / Didn't Answer
It has the support of the people	44.8	42.3	12.8
It does not plan to maintain relations with Portugal	37.0	50.6	12.3

Portugal/Angola Relations: What
Policy Should be Followed?

%

Maintain only commercial relations.....	31.2
Support the Angolan Government, strengthen cooperation.....	48.9
Break off all types of relations.....	10.6
Don't know/didn't respond	9.3

Have You Ever Been in Angola?

%

Total	Sex		Age Group			Socioeconomic Class		
	M	F	18-24	25-44	+ 45	Upper	Middle	Lower
Yes	14.1	20.9	8.1	3.1	20.8	12.1	20.4	14.7
No	85.9	79.1	91.9	96.9	79.2	87.9	79.6	85.3

When Were You in Angola?

	%
Prior to independence	71.4
After independence	14.3
Both before and after	14.3

Why Were You in Angola?

	%
Military service	21.4
Work/Business	44.6
Born there	35.7

Jonas Savimbi Is:

	Yes	No
A charismatic leader	44.3	34.0
An ambitious racist	28.2	50.9
A guerrilla leader	53.4	25.7
Pro-Portuguese	41.1	38.0

How Would You Characterize the Economic and Social Situation in Angola?

	%
Very good.....	0.0
Good.....	0.8
Neither good nor bad.....	6.5
Bad.....	28.2
Very bad.....	56.2
Don't Know/Didn't Answer.....	8.3

Do You Agree with the Presence of Cuban Troops in Angola?

%	
Yes.....	13.4
No.....	83.6
Don't Know/Didn't Answer.....	3.0

Do You Agree With South African Troops Support of UNITA?

%	
Yes.....	16.6
No.....	79.8
Don't Know/Didn't Answer.....	3.5

How Do You Think the MPLA/UNITA Conflict Will End?

%	
MPLA will defeat UNITA.....	11.3
UNITA will defeat MPLA.....	7.3
An agreement will be reached.....	26.7
The conflict will not be resolved.....	38.5
Don't Know/Didn't Answer.....	16.1

What Role Should Portugal Play in That Conflict?

%	
Support MPLA.....	9.3
Support UNITA.....	5.3
Stay out of the conflict.....	32.2
Try to arrange an agreement.....	49.4
Don't Know/Didn't Answer.....	3.8

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CSO: 35420002

FOREIGN MINISTER REJECTS CRITICIZING USSR ON AFGHANISTAN**'Peace Process' Possibly Harmed**

36500020 Stockholm SVENSKA DAGBLADET in Swedish 17 Oct 87 p 7

[Article by Lars Christiansson: "Foreign Minister Does Not Want To Comment On Afghanistan: 'Might Harm Peace Process'"]

[Text] Foreign Minister Sten Andersson does not wish to comment on the Soviet Union's war in Afghanistan beyond the usual official Swedish statements. The foreign minister explained that that is now too sensitive.

On Wednesday Sten Andersson was to have commented on the Soviet war in Afghanistan on Jan Guillou's television program "Rekord-Magazinet." According to Andersson himself, he cancelled his appearance claiming that a statement at this stage by the Swedish foreign minister could harm "the peace process."

Jan Guillou stated emphatically that Andersson had cited sensitive relations with the Soviet Union as the reason for his cancellation.

But also hidden behind the disagreement between Guillou and Andersson over the reasons for Andersson's program cancellation, judging from all appearances, was an attempt by the Swedish side to play an active role in the process underway to bring the war in Afghanistan to an end--an attempt which now could be influenced by comments by the Swedish foreign minister.

"Negative Effect"

Sten Andersson's comments to SVENSKA DAGBLADET can be interpreted as meaning that alongside the foreign ministry, there is movement at the Swedish Social Democratic Party level, ultimately through the Socialist International, aimed at playing a role in a process which will lead to a halt in the war in Afghanistan.

In a conversation with SVENSKA DAGBLADET, Sten Andersson said that "in the worst case, an appearance on a program like 'Rekord-Magazinet' might have a negative effect on the peace process." As a reason for his decision

Andersson pointed to conversations he had had during his visit to the UN's General Assembly in New York a while back with "a number of different foreign ministers, some who are quite involved in the process and some who are taking part both directly and indirectly in the talks in Geneva (where negotiations about ending the war in Afghanistan are taking place--SVENSKA DAGBLADET's note), and there it became clear to me that this process may be entering a decisive stage."

Great Interest

"To what extent and in what way is Sweden involved in this process?"

"As a nation, Sweden is not involved."

"Then are Swedish politicians involved?"

"No, I won't discuss this process. We have a sufficiently great interest in this, to put an end to the misery. This must guide our conduct. This means we shall continue to level the same criticism at the Soviet Union as we have thus far, but an appearance on a program like 'Rekord-Magazinet' does not serve the peace process; this was the assessment made by many in New York."

In response to SVENSKA DAGBLADET's repeated questions as to whether Sweden is in any way involved in the so-called peace process, Andersson first said as follows:

"Like all other nations, we of course have an interest in acting in such a way that we can support the peace process, not derail it."

"You said that as a nation Sweden is not involved, does this mean there is room for private individuals to act?"

"Draw what conclusions you want to. I shall neither deny nor confirm them. Sweden is not more involved than other nations."

"Is Sweden involved or not?"

"Each nation in the UN has the obligation of seeing to it that international law is upheld and in this respect one can also become involved in the peace process. Sweden has no special role," Andersson said, adding that we work at the UN and in other international fora.

"Are we actors in any sense?"

"That is a difficult question. No, not any more than a nation with such a firm commitment to international law."

"There have been hints from the Foreign Ministry that we are seeking a role as an actor, somewhat as we did during the Vietnam War."

"Not as a government and not as a nation. Now calm down," the foreign minister replied.

'Andersson Should Be Ashamed'

Stockholm SVENSKA DAGBLADET in Swedish 18 Oct 87 p 2

[Editorial: "Andersson Should Be Ashamed"]

[Text] In an interview in Saturday's SVENSKA DAGBLADET, Foreign Minister Sten Andersson confirmed that he does not want to talk about Afghanistan on "Rekord-Magazinet." So, the foreign minister does not wish to make any comment on the Soviet Union's invasion of a previously neutral neighboring state; the standard official Swedish comments will suffice--back to a stock phrase or routine in the usual liturgy of Swedish foreign policy.

Because the matter is so sensitive, foreign minister Andersson says. Yet it is sensitive in a way which is different from the one Jan Guillou stated on television--namely that relations with the Soviet Union could be affected. Because some sort of peace process is underway which clearly can be disturbed if foreign minister Andersson dares imply that the genocide has been going on in Afghanistan for eight years. The foreign minister should especially address himself to this on "Rekord-Magazinet."

This is certainly the assessment being made in New York, foreign minister Andersson maintains with some astonishment. We did not know so much importance was attached to Jan Guillou's television program on the other side of the Atlantic.

As the old principal engineer of the Social Democratic denial machine, Sten Andersson has fiddled and fussed around with one thing and another. But this time the blush of shame should cover foreign minister Andersson from head to toe. He himself must understand that his labored explanation of why he declined to comment on the cruel war for millions of viewers is out of sync with those obligations we as a nation have towards the people of Afghanistan, bomb-shattered but still fighting.

For years, discussions have gone on at the UN about Afghanistan. The problem is not a shortage of contacts, mediators, round tables or telephone receivers. Rather the problem is that the Soviet Union does not want to yield control over the neighboring country to the south. As the puppet regime in Kabul is entirely dependent on Soviet bayonettes for its survival, the invasion army cannot be withdrawn either.

The Soviet Union of course wants peace with Afghanistan, but on its terms. The Soviet Union will compromise on details but has thus far refused to restore the Afghanistan which existed before the Communist usurpation of power--a free and alliance-free nation without the presence of foreign troops. If the Soviet Union withdraws its tanks, airplanes, attack helicopters and other tools from the super power's arsenal, then peace is close for Afghanistan.

But it will not be the aggressor's peace. And the Soviet Union has not yet given up its hope of creating peace by waging a war of terror and through diplomatic manipulations. If there is silence in the outside world, the

genocide can proceed and not tarnish the Soviet Union's peace campaigns and propaganda offensives. Perhaps they will also enable Iran and Pakistan to cut off the resistance movement's supply lines.

Sten Andersson's silence does not make this policy harder to carry out. The fact that he is not out in front or the only one does not make matters better. The question of Afghanistan has unfortunately never become ours, even though it has to be a vital Swedish security policy interest that Soviet aggression against alliance-free neighboring states not succeed.

Sten Andersson is a skilled politician. Without really saying anything, he implies that he said no to Guillou because of efforts ongoing to bring about peace in Afghanistan.

And yet this looks like an event which is taking place three months prior to the visit to Sweden by Mr Ryzhkov, the chairman of the USSR Council of Ministers, and one week after Pierre Schori was in Moscow to prepare this visit.

12789

WESTERBERG AT LIBERALS' CONGRESS STRESSES NONSOCIALIST COOPERATION**Basis For Nonsocialist Coalition**

36500009 Stockholm DAGENS NYHETER in Swedish 12 Oct 87 p 6

[Article by Ake Ekdahl: "Westerberg Promises: Post-Election Nonsocialist Jump Start"]

[Text] A new nonsocialist government can start off with a jump start, party leader Bengt Westerberg promised as he closed the Liberal Party's national congress on Sunday in Stockholm's Folkets Hus.

At the same time he warned that the Social Democrats want to socialize the country through "tactical silence."

Going into the electoral campaign, Westerberg admonished his Liberals to show respect for voters and issue clear messages even when the truth might be difficult. This is a political style, he said, forging his five commandments into a personal Sermon on the Mount:

We shall be careful about exaggeration and overstatement but will call things by their right name.

We shall have the facts on the table before we let heads roll.

We shall not oppose for opposition's sake. We will even be able to praise an opponent if he has done something good.

We shall not distort the arguments or the deeds of opponents, but shall take them at their word.

We shall draw up a true picture of reality which people recognize. Strong words will be held in reserve until they are really needed.

In a gibe at the two other nonsocialist parties, Westerberg said that it can be tempting to offer rash promises about urgent reforms and lower taxes.

The Liberal Party will always reconsider the other side of the coin, Westerberg said. But when he reconsidered the Liberal Party's call for lower marginal

taxes he said only that the reforms can be paid for. Not that it will mean cutting the basic deduction in half.

There is a basis for putting together a nonsocialist government which can rapidly usher Sweden onto a liberal course, Westerberg assured.

He limited the differences between the nonsocialist parties to the health care system, protected rivers, foreign aid and defections to the Moderates. And in contrast to the Center Party, the Liberal Party will do away with the television monopoly, lower marginal taxes and increase local autonomy in schools.

Differences with both the Center and the Moderate Parties are over better support for handicapped children, separation of church and state, plus fewer regulations and cutting off agricultural support.

Westerberg did not mention tax policy, energy policy, regional policy or family policy which up till now have been the cornerstones of the nonsocialist way.

As in previous elections, the Social Democrats will certainly point to these differences and talk of a nonsocialist splintering. Bear in mind, Westerberg said, that within the Social Democratic Party as well there are natural differences in view. It can be called the War of the Roses.

But recollect also that as a rule the Social Democrats must seek support for their policy from the Communists and furthermore that the Social Democrats do not keep the promises they make.

Retirees and the towns have tasted Social Democratic treachery, according to Westerberg.

Neither will voters learn before the election what the Social Democrats plan on the issues of the tax burden and employee funds, the Liberal Party leader asserted in his warmly received speech. Per Unckel, the party secretary of the Moderates, who was a guest at the national congress, agreed with most of the speech as well.

"The socialist goal always remains for the Social Democrats," said Westerberg in a serious description of how socializing the country depends on continued Social Democratic government beyond the 1988 election.

"There is impatience over the fact that socialism is not being introduced quickly enough," he said.

"The Social Democrats know their ambitions are not that popular. They will therefore stay away from debating with tactical silence. They did this in 1982 and 1985 and in the matter of employee funds it will happen in 1988 and 1991."

Then the peaceful national congress concluded with a long round of applause for Westerberg and a single rap of the gavel.

Congress Marked By 'Harmony'

Stockholm DAGENS NYHETER in Swedish 12 Oct 87 p 6

[Commentary by Sven Svensson: "Harmonious National Congress In Bergling's Shadow"]

[Text] In a sense, the Liberal Party had the worst luck for its national congress. The spy Stig Bergling's amazing escape captured the interest of the mass media in a way which the Social Democrats' congress two weeks ago at Folkets Hus did not.

Normally, surveillance by the mass media is of vital interest to the Liberal Party, a weakly organized party with a low membership.

Presumably the Bergling affair has little to do with this. The national congress reflected a party in harmony with itself, with party leader Bengt Westerberg, and with the spirit of the times. No more ingenious neoliberal commercialism, but no more four-square Social Democratic economic planning either.

The Liberals were not overly discreet about holding their national congress at Folkets Hus. With visible pride, congress delegates went to the speaker's podium from which the Social Democrats had proclaimed their message two weeks before. On issue after issue, Liberals compared their message with the Social Democrats'.

At the Social Democrats' party congress, there were bans and limits on individual freedom of action; the Liberals, for their part, sang a paean to the creative power and reason of each individual.

The demonstration of power which characterized the Social Democrats' party congress became in the case of the Liberal Party more of a family get-together, with youngsters crawling and creeping in the halls and a unanimous call for a change of government.

In speech after speech, a clear dividing line was drawn between Liberals and Moderates, while concern over the Center Party, which is now the poor country cousin, was apparent.

Stinging criticism was made of the Moderates on foreign aid and refugee policy and on the narrow-minded interest in tax-cutting. The Liberals declared themselves advocates for the forgotten Sweden and put care of the sick and elderly before major tax cuts.

Internal Liberal Party discussion focused on financing a tax revision in the 1990's. Opposition arose over the motion by the Liberal Party leadership to cut the 10,000-kroner basic deduction in half.

Halving the basic deduction is not a solution lacking objections. It basically means a sharp increase in municipal taxes, the state being compensated by lowering its subsidies to municipalities.

At the state level, a basic deduction cut in half would cause an increase in marginal taxes even at low income levels, while at the same time the Liberal Party advocates lower marginal taxes in order to promote economic growth.

Given the international mobility of a well trained labor force, Sweden cannot in the long run have a noticeably higher tax burden and not hurt growth. In the short run, even lower marginal taxes can lead to a buying spree and a greater inflationary pressure, unless there is clear, steady economic policy.

In his closing speech, Bengt Westerberg stressed that it is irresponsible to promise reforms without also saying how they will be paid for. Absolutely right.

And yet, in Westerberg's case, a lot of water has flowed under the bridge since his 1980 speech in which he promised to cut transfers by tens of billions.

Another impression gleaned from the Liberal Party's national congress is the predominance of women and the youthfulness. Once the goal of having 40 percent women in decision-making bodies was seen as utopian.

There is now a majority of women on the Liberal Party's executive board. For the other male-dominated parties, this is a challenge which does not go unnoticed.

From the speaker's podium in Folkets Hus, tax expert Anne Wibble challenged Maj-Lis Loov, the president of the Social Democratic Women's Association, saying:

"She hasn't understood one bit of the tax policy debate!"

Two women have never spoken like this to one another in Swedish politics.

At the national congress, the Social Democratic Party was constantly evoked as the principal opponent. Monopoly and uniformity were weapons directed against the Social Democratic Party, especially in the fields of health care and education.

In the field of education, according to Liberals, the Social Democratic Party is characterized by a mindless ideal of equality: everyone should become the same.

The Liberal Party says that equality should not be confused with sameness. Children are equal but not the same, and there is strength in diversity.

From the speaker's podium Liberals spoke initially about the Social Democrats but quickly switched to using words like socialism and socializing.

It goes this way in the words of party leader Bengt Westerberg:

"The Social Democrats' attempt to halt individual initiatives and alternatives in health care is one element in their effort to bring about a socialist society."

Bengt Westerberg chose to mirror Liberal Party policy in individual people he had met in the field.

To blase journalists it can look like uninteresting repetitions. But the conclusion is indeed that Bengt Westerberg has managed to find a niche which fits both him and the Liberal Party.

In Bengt Westerberg's political rhetoric the individual citizen in society is placed up against the collectivism of the Social Democratic Party and the Moderates' unfettered commercialism.

"We are united not by group selfishness or class struggle, we don't judge people by their income or property," ran his concluding challenge to the national congress.

"Don Carlsson," as Westerberg has begun calling the prime minister and the once up-and-coming minister of freedom, has not found any way to reply. And when the Moderates hold their national convention in Malmo in two weeks, we shall see whether they turn the other cheek or start chasing after fickle nonsocialist voters.

12789

DEFENSE MINISTER ASKS FUNDS FOR APCS, ANTI-INVASION MINES

36130012a Copenhagen BERLINGSKE TIDENDE in Danish 13 Oct 87 p 5

[Article by Nils Eric Boesgaard: "Army Gets New Materiel"; first paragraph is BERLINGSKE TIDENDE's introduction]

[Text] Defense Minister Bernt Johan Collet is asking the Finance Committee for 843 million kroner for new armored personnel carriers, anti-invasion mines, ammunition and radio materiel.

Now the Army will finally get its long-awaited armored personnel carriers. Defense Minister Bernt Johan Collet (Conservative People's Party) has asked the Finance Committee of the Folketing to allocate 843 million kroner for the purchase of new materiel. The biggest item is 357 million kroner, which will cover between 35 and 40 armored vehicles.

Have The Model

"We already have American M-113 vehicles. The difference is that the new ones will be equipped with a swivel tower with a heavy 20-30-mm quick-firing gun," said Major General T. Hjalf, head of the Army's Materiel Command in Hjorring. "The type of tower and weapon is not yet decided."

"It isn't yet clear whether we're buying new or used vehicles," he added.

The Army has several hundred M-113 model armored personnel carriers. The first ones were delivered in the early 1960's and the last at the end of the 1970's. The vehicles weigh approximately 10 metric tons and can carry 13 fully equipped, combat-ready soldiers. The aluminum armor gives protection against light arms, shell fragments and fire. Until today, the vehicles had an unprotected 12.7-mm machine gun as their weapon.

"When you acquire a new series and you don't choose to buy a more modern vehicle, the reason is that creating a new service organization next to the already existing one can be very costly," Major General Hjalf said.

Spread Over Five Years

Other purchases in the so-called June package include 43 million kroner for anti-invasion mines for the Navy and 260 million kroner for various types of ammunition for the Army, which will also get 183 million kroner for radio and observation materiel.

Defense Minister Collet estimates that expenditures can be held within the limits of the ministry's regular materiel appropriation. The purchases are to be paid for over the next five years, but how expenditures will be spaced out over fiscal years will be determined when contracts are signed.

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DENMARK

MILITARY

NATO INFRASTRUCTURE FUNDS FOR HANGARS IN JUTLAND

36130012e Copenhagen BERLINGSKE TIDENDE in Danish 17 Oct 87 p 2

[Article: "NATO Hangars At Contract"]

[Text] The Defense Ministry has just requested that international invitations to bid on a one-billion-kroner contract for 71 NATO hangars at 5-6 military airbases in Jutland be sent out. This appropriation, the largest Denmark has ever received from NATO for its military infrastructure, can employ 2,000-2,500 laborers and cement workers for one year. A final decision on the bids will be made in early 1988.

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DEFENSE MINISTER COLLET URGES MAINTAINING PRESENT STRENGTH

36130012b Copenhagen BERLINGSKE TIDENDE in Danish 13 Oct 87 p 12

[Guest Commentary by Defense Minister Bernt Johan Collet: "Same Defense Calls For More Money"]

[Text] Recently (BERLINGSKE TIDENDE, 28 September) Allan Henriksen, the Social Democratic Party's international adviser and Svend-Erik Larsen, the president [of the Army's Federation of Privates and Corporals] (BERLINGSKE TIDENDE, 29 September) commented on the status of defense policy. Both reject the government's plan to increase defense expenditures.

Taking the upcoming INF agreement on middle-range missiles as his point of departure, Allan Henriksen finds that the decisive question has now become how we in Europe will achieve a comparable stability in the conventional area. On this point I agree completely. Stability can be achieved in two ways. Either NATO can arm itself up to the Warsaw Pact's level--or the Warsaw Pact can reduce its forces down to NATO's level. Neither alternative calls for a reduction of Denmark's present modest defense force.

At the minimum, the government wishes to maintain the present strength of Danish defense. Perhaps somewhat contradictorily--for the sake of argument, at any rate--this can be ensured by increasing allocations. However, the explanation for this is simple: the fact is, at present our defense is at a reprocurement hump. Just like the family which has long put off the purchase of a needed car, television or refrigerator. Finally the purchase can no longer be deferred. So above and beyond its day-to-day expenses, for several years the family must set aside extra means to purchase these new items. Even if more money is spent during this period, the family's service level is nevertheless the same. Defense is in the same situation as far as replacing certain types of planes, tanks and ships is concerned. Reprocurement can now no longer be deferred--and thus, in a few years, we will need some extra means for new purchases.

The Social Democratic Party's point of departure in the negotiations for a new compromise on defense is unaltered allocations, an economic zero solution. Such a solution leaves no room for absolutely necessary reinvestments.

When reinvestments do have to be made, the money for this must be gotten by reducing forces and weapons elsewhere in defense. The zero solution is thus in reality not a zero solution, but translates into a reduction of defense strength.

This must not happen. When viewed in the context of NATO, the Danish defense budget is low. And our allies, whose reinforcements we will protect during the initial landing phases, for some time already have expressed their concerns with respect to our defense capacity.

Allan Henriksen concludes by encouraging a positive willingness in both the East-West dialogue and the internal Danish debate. All topics must be open, he writes. On this point I agree completely. The government parties are willing to engage in open, unbiased discussions of all topics and we encourage the Social Democratic Party to be willing too--on the subject called increasing the defense budget as well. If one party goes into negotiations with completely inflexible attitudes on this subject, I do not think the negotiating spirit is apparent.

To Svend-Erik Larsen, the president of the Army's Federation of Privates and Corporals, I must say that I have great respect for the persistence he shows in ensuring jobs for privates in the Army. I must nevertheless doubt whether his colleagues in the navy and the air force are particularly enthused when he writes that the army should be allocated one billion kroner within the framework of the present budget. It is particularly odd, under these circumstances, that Svend-Erik Larsen should oppose the government's plans to increase defense expenditures.

In any event, when he then goes on to write that certain military leaders, supported by nonsocialist politicians, want to disregard the army's readiness and let the Home Guard take up the fight against a highly trained aggressor, he cannot find instances of this in the government's proposal for a new defense system. The proposal was sent to Svend-Erik Larsen's federation as well. In fact, it is the Social Democratic Party, in its memorandum for the debate on modernizing defense, which writes emphasizing that, where the Home Guard is concerned, it is each person's duty to see, report on and take part in the initial fight.

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ONGOING STUDY SUGGESTS WOMEN TOO WEAK TO BE COMBAT PILOTS

36130012c Copenhagen BERLINGSKE TIDENDE in Danish 10 Oct 87 p 3

[Article by Nils Eric Boesgaard: "Women Too Weak As Combat Pilots"; first paragraph is BERLINGSKE TIDENDE's introduction]

[Text] Women are excellent pilots and instructors, but their cycles and their hormonal swings may possibly be reasons for their not being used as pilots in individual fighter planes.

NATO's aeronautical medicine panel is engaged in an assessment of women as pilots--just as we assess men, said Colonel Knud Jessen, the air force's staff physician, responding to the announcement by Defense Minister Bernt Johan Collet (Conservative People's Party) of a study of the prospects for using women as pilots in the defense forces.

"In the light of the government's action plan for equality and in the light of other countries' experience, I requested a further report from the Defense Command," read an explanation from the defense minister, who asked that a proposed timetable for the training and assignment of women pilots be drawn up, not just in the air force but in the army's and the navy's air services.

"Indeed, just one week ago we began a study of women in high performance flying, flying in F-16's, for example, in which they are exposed to particularly violent physical stresses," staff physician Knud Jessen, the chairman of the NATO panel, told BERLINGSKE TIDENDE.

"But for the time being, we've had to recognize that the scientific findings are so few and so incomplete that we can anticipate a result some time around 1990 at the earliest. We have scattered findings on women pilots but never as high performance pilots. They fly conventional fighter planes as instructors, and they do it well when they don't have to use the upper arm too much. The problem is with their muscle strength. They are also terribly good at flying as helicopter pilots, courier pilots and pilots of transport planes," the staff physician added.

The problem in connection with high performance flights is that women can apparently not endure the violent g-effect. As opposed to men, they are quite cycle-prone and in particular they are more affected by various hormonal swings. We do not yet know what part this plays in their ability to resist the forces of gravity.

"Denmark does not have major research facilities in this area. For this reason I have told the Defense Ministry, the Equality Council and those with whom we shall be speaking that I recommend that Denmark wait for results from the bigger countries. There there's high-pressure work," staff physician Knud Jessen said, adding: "But I don't want to recommend anything whose final consequence I don't know."

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DENMARK

MILITARY

MINISTRY ASKS FUNDS FOR CIVILIAN PILOT TRAINING

36130012d Copenhagen BERLINGSKE TIDENDE in Danish 13 Oct 87 p 4

[Article: "Money For Pilots"]

[Text] Education Minister Bertil Haarder (Moderate Liberal Party) is seeking funding from the finance committee of the Folketing to start a real training program for civilian pilots to prevent airline companies from "stealing" Air Force pilots. For the time being, 10-12 students will be trained at public expense at the School for Aviation Training. Initially the minister has requested 1.3 million kroner, but, for the longer term, there is an agreement that the airline companies will completely reimburse the state.

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FORMER, PRESENT NEGOTIATOR'S VIEWS ON U.S. BASES DETAILED

Athens PONDIKI in Greek 18 Sep, 25 Sep 87

[18 Sep 87 pp 10-12]

[Text] Negotiations on the bases will be reopened at the end of this month (the real negotiations will start after the formalities are over). It is worthwhile to examine how the issue of the bases was viewed 4 years ago by one of the current negotiators: Fleet Chief, Rear Admiral (then, captain) Khristos Lymberis.

Four years ago, with negotiations for the 1983 bases' agreement underway, five "men of the premier" (Kapsis, Kouris, Makheritsas, Lymberis and Andrikos) agreed on the general proposition that the bases do not serve our interests--on the contrary, one could say with relative certainty that certain activities on the bases, mainly the gathering of intelligence, directly threaten our national defense interests and our foreign relations, while at the same time they harm the objectives of our broader national policy from a political and social perspective.

In the context of providing more comprehensive information on this issue which from now on will remain at the center of the political developments, PONDIKI:

1. Published the full text of the five individuals, which is a significant document regarding current negotiations as well;
2. Began the publication (starting with the last issue) of the separate report and recommendation by (then) Captain Lymberis on the subject, under the title, "Summary Assessment of the American Bases' Problem in Greece."

More specifically, in the last issue we presented the introduction and first chapter which refers to "National Defense" and "Greek national defense needs" and ends with a "partial conclusion": since the American bases, the way they function today, contribute very little to defending ourselves against the national threat [Turkey], the renewal of their stay should be tied to wider assessments of national interest, which should include a possible adversary behavior on the part of the United States, otherwise our dependence will not be reduced.

Today we publish the second part of the Lymeris report (with our observations) which refers to the relationship with NATO and the Americans; the public opinion factor; and agreements among the United States and other Mediterranean countries--the latter having tremendous significance from the military perspective.

B. NATO OBJECTIVES

Greece participates in NATO (both in the political and military wings) and as a result has assumed general obligations as they are determined by the NATO charter, as well as special obligations as they have been agreed upon under the various plans, MC's, etc. In the context of the NATO infrastructure, several projects and facilities have been constructed in Greece to serve common defense needs (e.g., storage depots, telecommunications centers, headquarters, airports, docks, etc.). Greece has agreed to common use of these facilities.

However, there is no provision anywhere in NATO planning and no NATO country has an obligation to give bases to another country for its exclusive use. The functioning of military bases in a foreign country is a matter of a bilateral agreement.

The question posed at this point is: Is there a necessity for American bases in Greece in support of approved NATO plans and objectives? Does the role of the bases end where the limits of NATO responsibility end?

If indeed the American bases had a mission within the context of NATO planning this would have been specifically stated by the NATO plans. No one will dispute that the activities of the bases indirectly support the needs of NATO.

Products of activities of the main bases (namely, Irakleio, Elliniko, Souda, and Nea Makri) i.e., intelligence gathering and communication, indirectly serve NATO since the USA is a member of NATO. The U.S. offers part of it to NATO. When Nea Makri and Souda serve the Sixth Fleet they automatically serve the COMSTRIKFORSOULH (the Sixth Fleet under the NATO name). In terms of necessity in support of the Sixth Fleet (therefore NATO) the most important base is Souda followed by Nea Makri.

For telecommunications support of the Sixth Fleet (surface ships, submarines, and aircraft) there are sufficient communication means through the NATO infrastructure to cover the Mediterranean and the Black Sea. In any event, Nea Makri more than covers the area of the Mediterranean and it is used for purely national American objectives.

The other two major bases (Elliniko and Irakleio) have strong American national orientation. However, when we refer to American facilities or bases in Greece we should not lose sight of the fact that in addition to the main bases, there are many other American activities (military and other) which require special analysis in each case in order to assess their relationship to NATO's objectives and plans.

A possible suspension or limitation in part or in whole of the activities of one base or even termination of one or all bases does not mean that Greece would not be honoring assumed obligations to NATO. If NATO needs those bases, then NATO should follow the NATO infrastructure procedure for installation as well as drafting of an agreed NATO plan for their operation.

Political realism indicates that it is unlikely to have the NATO responsibility area extended in the Middle East and North Africa. For us, the basic advantages of a policy aimed at limiting the bases to their NATO missions are:

1. The area/objective of their activities is limited within NATO (Warsaw Pact/Mediterranean) excluding the Arab countries with which Greece maintains good relations. In general, our country's foreign policy moves are facilitated.
2. The Command and Control arrangements become more favorable for Greece.
3. Within NATO Greece gains more weight.
4. The use of the bases for national purposes is facilitated.
5. The feeling of national sovereignty becomes stronger because our country is tied to a collective effort and not to another state which in effect places its flag on Greek soil.

American actions in the event of such an arrangement are:

1. The possible search for alternative support for their strategic interests in other parts of this region, including Cyprus.
2. The possible refusal by the U.S. to satisfy the request for gratis military aid in the form of money and materiel.
3. The possible reduction in aid in the form of a lease (this is the form used for transfer of American surface ships and submarines of older age for a symbolic price, something like 200,000 or 300,000 dollars per unit).
4. A reduction or cut off of Foreign Military Sales [FMS].
5. Other reactions in a wider area.

The American argument of the past, namely, that such an arrangement will weaken the Greek bargaining position, will come up again, but it will not be effective. Henceforth, the policy of the Greek government on the bases and the country's remaining in the NATO military wing may be formulated on the basis of independent or mutually dependent issues.

The second alternative was chosen by the 1976-80 government (both or neither). The choice of the first policy (independent issues) can allow the functioning

of the bases even outside the military wing, participation in the military wing without bases or out of the NATO military wing and without the bases.

NATO as well as the USA (virtually the same decision center) tie participation in the military wing with the functioning of the bases as a precondition for implementation of projects of common infrastructure and for granting of military aid, respectively. The blackmail is naked and direct.

It is assumed that the closing down of the bases directly harms national American interests. Past experience shows that the USA was first interested in securing operation of the bases and only secondly in Greece's return to NATO's military wing. Therefore, the bases are an available weapon for pressuring the USA in order to obtain essential beneficial concessions. In any event, it is assumed that a dogmatic tie up of the two issues--bases/NATO--will create problems.

Following these assessments, we conclude that installation and operation of the American bases in Greece to meet NATO missions (although it is not based on obligations assumed by Greece toward NATO and can be done even without our stay in the NATO military wing), will have benefits for our country's foreign policy moves; increased importance of the Greek area within the Alliance; better arrangements for Greece in the area of Command and Control; and a better acceptance by the public.

Disassociation of the bases' operation from NATO's objectives emphasizes reduction of our national sovereignty, gives (others) the rights for harsher demands and exposes our country to the danger of disrupting our friendly relations with the Arab countries, which do not favor the American presence in this region.

Here, however, the question arises to what extent the limitation of the bases' mission within the NATO context only continues to be meaningful for the USA and to what extent are we willing or able to check the limitation of this mission? Here we face a serious divergence between American and Greek objectives:

--On the one side the Americans want to use our soil for satisfaction of their national defense strategic objectives.

--On the other side, we do not want to have our soil used in actions which could harm our friendly Arab countries in the region.

Perhaps a compromise here could be to accept the use of the bases by the American armed forces to avert a direct military threat in the region from the Soviet Union, which could be considered by NATO as a threat against it.

Of course, such assessments presuppose more general choices which are related one way or another to our foreign policy.

C. AMERICAN DEFENSE OBJECTIVES

The term "American defense objectives" means objectives directly serving American defense needs. It is a fact that the U.S. has set as the mission of its bases in Greece the support of American defense needs, in the form of intelligence gathering from sources within and outside the Warsaw Pact and communication support for American armed forces within and without the NATO zone.

But there are also other activities outside the bases' area with varying objectives (many are unknown), e.g., training, administrative services, etc. It is assumed that American bases in Greece serve vital American interests in the regions of North Africa, the Middle East, and the Warsaw Pact.

During the 1981 negotiations, the Americans repeatedly stated that they were not satisfied if operation of the bases would be limited only to support NATO objectives. It is clear that the U.S. wants to be free to use the bases in support of its allies (e.g., Israel and Egypt) in the Middle East. Already the Americans claim that their bases are heavily regulated. The question is: What is the cost for Greece from the use of the bases outside NATO?

Support of exclusively American objectives through activities which begin and are completed on Greek soil (e.g., intelligence gathering from a land station) or begin on Greek soil only (e.g., take off of a plane for a spy mission over a foreign country) on the one hand do not serve directly our national defense needs, while on the other hand, they expose our country to dangers and complications.

Data showing that the Arab countries are divided into moderate with Western orientation and progressive with Eastern orientation, that the Soviet Union, acting in the Middle East region exposes to danger the availability of energy resources which supply the West, and that France already cooperates in the Indian Ocean to meet the Soviet threat, should contribute to formulation of the framework for operation of the bases.

In addition to the above, the support of purely American objectives weakens the sense of national sovereignty. The country's independence is closely tied to the degree of sovereignty exercised by Greece in all activities taking place within the area of its sovereignty (on land, sea and in the air).

Up to now Greece does not control what is happening, does not know what is taking place and in effect has accepted American islets on its soil. Against all these disadvantages the only advantage from the presence and operation of the American bases in Greece is the "benefits". Here the question arises: What benefits can balance the granting of bases on the part of Greece?

The Greeks relate a possible abolition of the bases to an imprecise form of American reaction, while at the same time they will recover their self confidence and character, will cease feeling the obligations of the Francophile, Anglophile, Russophile, Americanophile and will begin to feel like Greeks. Therefore, any benefits to balance the possible offer of bases must be substantial and should meet our needs, politically, economically and militarily.

Moreover, these benefits should better come as an obligation from an agreement (a treaty) ratified by the U.S. Senate.

As political benefits we may regard the American guarantee to avert a threat against our borders, the American assurance that our soil will not be used as a staging area for a threat against our friends in the region, preservation of the balance in the armed forces of Greece and Turkey, and the strengthening of the Greek role in the Eastern Mediterranean in the NATO context.

As military benefits we may regard:

1. The strengthening of our defense industry.
2. Military aid (grants, loans).
3. Training, technology transfer.
4. Supply of materiel.

Following all the above, we conclude:

--Acceptance of serving national American defense objectives from their bases in Greece entails dangers for our country to a degree relative to the discrepancy of the American from the Greek interest and to the ability of our country to choose between alternative benefits.

--The bases automatically lead the country to cold-war adventures between the superpowers.

--Connection of the bases with purely American objectives is most painful at the level of our country's sovereign rights; it can be acceptable only as a forced compromise in exchange for serious political and military benefits with one ultimate objective: that the support of Greek foreign and defense policy will not depend on the necessity of the bases.

On the other hand, in the past the Americans have allowed the impression to circulate that they will withdraw their military presence from Greece if the American missions from the bases are banned.

D. GREEK PUBLIC OPINION

Greek public opinion is articulated through the Parliament, organizations, the press, and Greek citizens in general. From time to time a large percentage (over 50 percent) has expressed itself in opposition to having the American bases stay in Greece.

Operation of the bases has been tied to dangers for our country; and even the neutral role of the bases during the 1974 Cypriot crisis has been questioned. Even a military expert would find it difficult to rule out the possibility of spying activities by the Americans against us during the Greek-Turkish crises. The U.S. has the technical ability. What is left is to prove execution of the act. The sensitivity and questions on the part of the Greek public take this form:

--Are we a sovereign state when we have foreign bases on our soil?

--Are we in danger of becoming a target because of them?

--Is the operational status of the bases damaging our self respect?

--What actual control does Greece have over the bases?

--Is it possible to limit the privileges of Americans in Greece?

--Is the removal of the bases endangering defense, democracy--nothing or both?

--Is it possible to speak of Greek foreign policy while we have foreign bases on our soil?

And many other questions.

One has to admit that the views of the public are formulated without their full appraisal on the objective and mode of operation of the American bases. It is mostly based on press reports. Any installation and operation of a foreign base in Greece requires respect for the popular sovereignty expressed through Parliament; in other words it requires ratification by the Greek Chamber of Deputies.

It is sad to have this reply to a related question: No special formal agreement between Greece and the U.S. exists for the establishment and operation of the American communications station in Nea Makri.

It is assumed that public opinion will be satisfied with the following actions (long- and short-term):

--Informing the public on the existing status and operation of the bases--information to be given by the government.

--A detailed and reasoned analysis of the position taken by each political party on the issues of the bases since it entails a definite limitation on the exercise of national sovereignty.

--Immediate abolition of any special privileges granted the Americans beyond those provided by the 19 June 1951 NATO Status of Forces Agreement.

--Make sure that in the event of a crisis with Turkey the bases may be terminated; and that in time of peace no action against us will be taken.

--Specific identification of benefits from operation of the bases, not generalities (e.g., not just our defense improved, but we receive gratis 10 planes).

--In the event the bases are retained, application of a new operational status, approved by the Chamber of Deputies, which will satisfy our national pride, will fully respect Greek law, will allow control and prevent the separation of American activities, will assure political and military benefits and in general will be in keeping with Article 28 Paragraph 3 of the 1975 Constitution.

In other words, the agreement must assure:

First, that a very important national interest is realized (e.g., security of our borders, balancing our armaments with those of Turkey, development of our war industry within a specific timetable, and significant economic aid).

Second, that human rights of Greeks are not affected.

Third, that the principle of equality is preserved, and

Fourth, that the principle of reciprocity is observed.

--Developing a prospect for limiting and removing the foreign bases/facilities from our land.

Public opinion demands that a modern state be established, that we acquire at last a clear conception of our identity. Greece, being a small country facing the camps of the superpowers and the status quo, finds it difficult to follow an independent policy. The difficulty becomes even greater if one is to take into account that for centuries the Greek region has been a field of conflict.

It would be in our national interest to stay out of the East-West, North-South antagonisms if we are to assure peace in our region. The East-West antagonism unequally supplies Turkey's defense machine from the West because of the fear the Americans have for possible Russian actions.

The return of peace to the Middle East and a climate of detente will best serve our national interests. Public opinion also senses that Greece needs alliances and wider cooperation but only under conditions of equality and reciprocity. Our participation in NATO and operation of the bases will be a historic mistake unless it is associated with a political/economic and strategic investment.

The public opinion factor acquires added weight by the fact that Greece today has a new political reality which was voted into office to pursue objectives which included the question of the bases.

In conclusion, Greek public opinion is a decisive factor in the formulation of our national position on installation and operation of the bases and should be informed objectively and thoroughly in order to reach well-reasoned positions.

It is assumed that today public opinion is split on the usefulness and necessity of the American bases in the context of supporting our national defense objectives. But there is no disagreement that in the event a new agreement is decided upon, it should balance limitation of national sovereignty with significant political and military benefits.

It is further assumed that a gradual removal of foreign bases, under certain conditions for the support of our defense needs, will be received favorably by a majority of the Greek public.

E. DEFENSE COOPERATION AGREEMENTS BETWEEN U.S.A. AND THIRD COUNTRIES IN THE MEDITERRANEAN REGION

The givens in this analysis are limited to the text of the March 1980 American-Turkish agreement. Unknown are the texts of the American-Spanish, American-Italian, American-Portuguese agreement, and any MOUs with Egypt and Israel.

Information on the American-Spanish agreement gives the impression that they followed the model of defense cooperation in exchange for benefits in the form of money, materiel and services. Unevaluated information concerning the American-Israeli MOU, which is of interest to us, provides for:

1. Combined planning against outside threats to the region by the Soviet Union.
2. Storing war materiel.
3. Joint use of intelligence.
4. Air cover for the Rapid Deployment Force.
5. Use of Israeli harbors for repairs, recreation and dry docking.

6. Sale of war materiel to the U.S.
7. Purchase of Israeli military materiel with FMS funds.
8. Protection of sea lanes in the Eastern Mediterranean by the Israeli naval forces.

The MOU refers to a guarantee clause in favor of the neighboring countries: "U.S.-Israeli defense cooperation is not directed at any state or group of states within the Eastern Mediterranean." The MOU preamble, moreover, includes a statement that the objective of the Agreement is to avert a threat against the two members.

A study of the Turkish-American agreement yields the following points:

- Defense cooperation is limited to obligations arising within the NATO context.
- Cooperation refers to economic relations, defense relations and technology. Cooperation for the development of the Turkish defense industry is specifically noted.
- The bases are considered to be Turkish and the Turkish government authorizes the U.S. government to participate in joint defense measures.
- Activities and operation of the bases will be carried out on the basis of mutually agreed objectives and plans.
- The NATO SOFA status will apply to American personnel in Turkey.
- The agreement has a 5-year duration.
- The U.S. assumes the obligation to make a "best effort" for the supply of defense materiel/services/training and to provide military aid under "best terms" for modernization and maintenance of defense materiel.
- Payment for defense materiel/services will be at the lowest possible price permitted by U.S. law.
- Plans for industrial cooperation are:
 1. Ammunition and shell production.
 2. Rocket production for the Turkish Army.
 3. Improving possibilities for renovation of engines, spare parts, etc., of Turkish Air Force aircraft.
 4. Construction of a modern frigate and modernization of naval capabilities.

5. Improvement of armored car modernization.

--Technical functions and maintenance of installations whose main objective is the gathering of intelligence, communications, and marine radio communication will be done jointly.

--All intelligence, including raw data, will be shared.

--The base commander will be a Turk while an American officer will have command control over the U.S. contingent.

--American forces will participate with Turkish forces in joint defense measures.

--Turkey may unilaterally take restrictive measures over activities of the bases for reasons of national necessity.

--Participation of Turkish personnel in joint activities may be as high as 50 percent.

--Checking of personnel and materiel entering or leaving the bases shall be done by Americans for their personnel and materiel and by the Turks for their personnel and materiel.

--The inviolability of cryptographic centers is maintained.

Analysis of the American-Turkish agreement cannot be done with full thoroughness without the secret letters containing the essence of the agreement. There is no question, however, that the bases in Turkey are not superior to the ones in Greece in terms of American interest and mission.

Judging from negotiations here with the Americans, we conclude that the Turks are given military aid in materiel (e.g., electronic reconnaissance planes, telecommunications materiel) and credits at low interest rates (3 to 6 percent), while in Greece today the FMs' rate is 14.5 percent.

With particular dexterity the Americans have taken care to have the text of the agreement drafted in terms which are only loosely obligatory on their part (e.g., "best efforts," "when possible," "to the maximum possible extent," etc.) so that it should not be used as a model by Greece.

It will be difficult for the Americans to accept a change in the text of the Greek-American agreement, on the pretext that such a change could whet the appetites of all other countries which have signed similar agreements of defense and economic cooperation.

The American-Turkish agreement for defense and economic cooperation should be regarded as something more than a supply of facilities to the Americans

and should be placed within a more general complex of relations between the two countries and the role Washington has assigned to Turkey as a support of American interests in the Middle East. It is worth noting the fact that a time limit was set in U.S.-Turkish negotiations (previously they limited American activities) compared to Greece, where neither in 1976-77 nor in 1981 was there a time limit set for concluding an agreement.

In conclusion it is assumed that Turkey, without the anxiety of a threat from Greece or any other country, has promoted through the agreement economic, political and defense targets in spite of its miserable economic situation and internal social disorder.

Notwithstanding the declaration in the agreement that it is within the NATO framework that nothing whatever impedes Turkey from preparing and using its defense armaments against Greece, the text of the American-Turkish agreement cannot serve as a model for us because Greece does not threaten but is threatened; Greece has proven its responsible behavior as an ally; and, moreover, without access to the secret letters and annexes, one cannot make a complete and comprehensive analysis and evaluation of the American-Turkish agreement.

In addition to DECA 1980, Turkey has apparently signed a second agreement for defense cooperation with the U.S. in the context of RDF reception and support. This fact, in addition to strengthening Turkey's role, creates a problem for us because Turkey will have leverage to avoid pressure or even exert pressure on the Americans.

[25 Sep 87 pp 12, 13]

[Text] PONDIKI today completes the publication of an important document dealing with the bases: a lengthy report by Rear Admiral Christos Lymberis, the Fleet Chief, titled, "Summary Agreement of the American Bases' Problem in Greece," which was written in 1983, before the opening of Greek-American negotiations on the bases, which resulted in that year's agreement still in effect.

Lymberis (then a Navy captain) is the only one of the negotiators at that time who again will be one of the negotiators: he is part of a three-member group which will enter into real negotiations with the Americans in early October.

In this sense, his views are particularly significant--in addition, he is the only officer representing the armed forces on the negotiating group.

The Lymberis report opens with a general overview of the situation. It then discusses the preconditions, namely, a) that "the current political-military situation in the region around Greece will remain as is;" b) that Greece "will not be self-sufficient until the end of the 1980s in terms of military aid," and c) that Greece "will remain a full member of NATO." It further

discusses the factors which "affect the problem." He analyzes those factors in detail:

1. Greek national defense expenditures.
2. NATO obligations.
3. National American defense objectives.
4. Greek public opinion.
5. Defense cooperation agreements between the USA and other NATO countries in the Mediterranean (note: all these were published in previous issues of PONDIKI).

Lymberis ends his report with conclusions (general and specific) and a laconic but "weighty" proposal: The proposals for revision of the bases agreement to be formulated:

1. With all options open.
2. With basic guidelines "giving priority to our number-one problem: averting Turkish expansionism at our expense."
3. "The simultaneous development of a more independent and trustworthy Greece in the Balkans-Mediterranean region and in Europe."

In any event, a "partial conclusion" was presented earlier: "Since the American bases--the way they function today--contribute very little to defending ourselves against the national threat, renewal of their stay should be tied to wider national interest assessments which should include a possible adversary behavior on the part of the U.S., otherwise our dependence will not be reduced."

Let us now see Vice Admiral Lymberis' conclusions in detail and in his own words as they appear in his report:

Conclusions

- A. Greece must develop its war industry as support for the exercise of a national policy and for an end to dependence.
- B. The granting of military bases to the U.S. limits our national sovereignty in proportion to the number of bases, their mission, and the status of their operation.
- C. New negotiations must be tied to substantial political, economic, and military benefits, with a formal denunciation of the 1953 agreement and with a clear presentation of the intention to limit their functioning in the Attiki region.

D. Operation of the bases appears to be a necessary concession for a period of time at least; at the first stage it is necessary to assure at least a modernization of the status of their operation.

E. It is assumed that in the context of negotiations for a new agreement, our minimum national objectives should be:

--To assure an armaments' balance in the area [between Greece and Turkey].

--To have the U.S. contribute in averting a threat against Greece and Cyprus [from Turkey].

--To strengthen our war industry.

--To provide for a commitment on the part of the U.S. that loans so far granted to Greece will be revised; that Greek war materiel will be procured with FMS funds at a predetermined price; that Greek industry will be invited to bid on American government purchases; and that there will be wide use of Greece's shipbuilding facilities.

--To limit the extent or to transfer part of the bases away from Attiki, not excluding the Dodecanese Islands as a possible new location.

--To cover from the current potential of the bases telecommunications and intelligence gathering needs with arrangements for parallel operations or joint activities.

--To give Greece gratis, on loan or on credit, means and services (electronic reconnaissance aircraft, naval cooperation aircraft, land-based systems of electronic warfare, telecommunications equipment, studies, etc.) for developing abilities for parallel intelligence gathering and the exercise of Control-Command by the Greek armed forces in quality and technology equal to the corresponding American forces.

--To provide the Greek armed forces with the necessary training on operation and maintenance of American-made systems.

--To strengthen--in the context of serving common defense objectives--the Greek Air Force and Navy in carrying out missions by air, sea or land for reconnaissance in the region of the Eastern Mediterranean, protection of sea lanes and control over the straits east, west and south of Crete.

--The mission and operations of the bases will serve NATO objectives exclusively. In the event of serving objectives outside the NATO zone, special consultations with the Greek government will be required.

--The objectives will need the approval of the Greek government and activities will be carried out according to plans previously agreed upon. Under no

circumstances can Greece become a staging point for aircraft or ships in actions against the Arabs by American forces or their allies.

--Under no circumstances will Greece allow the free movement of American ships and aircraft through its ports and airports to support American forces in Greece.

--All American activities in Greece outside the bases will be covered by the bases' agreement.

--Diplomatic communications will be set outside the bases.

--Greece will maintain the right to unilaterally suspend or stop one or several activities in the event the U.S. does not carry out one of its contractual obligations.

--The U.S. will give up the right to embargo delivery of materiel agreed upon, even in the event a specific activity or one of the bases is suspended or even terminated.

--In the event of a national danger, Greece will maintain the right to unilaterally terminate an American activity or an entire base. We must secure in a prohibitive way that SININT-ELINT may not be used at the expense of the Greek armed forces.

--The Americans will absolutely respect Greek laws in every activity of theirs within Greece; will respect our sovereign rights on land, in our territorial waters, in our air space; and will also respect Greek laws and regulations which are in accord with international practice and regulations and which are being applied in regions under Greek control (e.g., FIR, SAR, and pollution).

--Military aid to Greece will be given under the same terms and conditions as those applying to Turkey and to other countries in the Eastern Mediterranean.

--The status of American military and civilian personnel in Greece will be in accord with the SOFA of 19 June 1951 concerning NATO forces, with special restrictions as the case may be.

--The bases will be joint bases between Greek and American armed forces.

--The commander of the bases will be a Greek and he will have full command over the Greek contingent. He will have the authority to oversee American activities to make certain American armed forces do not violate the agreement, security, the base command, public relations, and that Greek legislation is implemented.

--The American officer will periodically submit reports to the Greek commander with regard to personnel, as well as requests for inflow of materiel

beyond that already authorized, for the import of materiel to replace existing equipment—which new equipment, however, increases operational capacity—and for the import of ammunition and arms.

--The commander will have the right to move freely throughout the base. Specifically, in the cryptographic centers, prior notification will be required.

--Greek working personnel on the bases must not be less than 70 percent.

--Operation of military banks within the bases is banned.

F. The public must be informed and satisfied with new Greek positions on the bases' issue.

G. The model of the bilateral DECA agreement must be retained in the event Greece withdraws from NATO's military wing. The parallel existence of a bilateral agreement for objectives falling outside the NATO context and our participation in NATO's military wing is considered to be the least favorable from the point of view of our country's national sovereignty and foreign policy moves, even though financially it may be the strongest.

GENERAL CONCLUSIONS-ASSESSMENTS

1. The bases' question is within the context of a major political orientation of our country, for maintaining balance in the region, and for an effort to develop a national identity and avert foreign threats. It is not merely a foreign policy or a defense policy matter, but a course dictated by our national policy. Bases and neutrality do not go together. Bases without political benefits make no sense.

2. Elements which constrain us and which should not be overlooked are:

--The American presence in our country and in the region for several years.

--Our commitments to NATO, EEC, and the Arabs.

--Our current economic/defense situation.

--Vital American interests in the Middle East/Eastern Mediterranean.

--The Turkish threat.

--Public opinion.

--Developments and prospects in the Eastern Mediterranean.

--The interests and capabilities of the Soviet Union.

3. It is not in Greece's interest to face many fronts in its international relations but it should use the question of the bases to find satisfaction in Greek-NATO relations, Greek-Turkish relations and in the Cypriot problem. American power has the capacity to block Turkish expansionism, and an effort should be made in this direction.
 4. The United States, by giving great emphasis to projection of naval power on a world basis (air carrier forces, submarines, aircraft, etc.) aims, on the one hand, at a gradual disengagement from the burden of maintaining bases in various parts of the world. On the other, it insists on maintaining the American presence and this forces it to offer various concessions.
- As a result, the Greek region remains part of American strategic interests and talks about the marginal value of American bases in Greece on "what would happen if the bases leave," etc., is nothing but negotiating misinformation. It would be terrible if we were to have no alternative solutions and to fatalistically accept that out of NATO and without the bases we are lost.
5. The strict timetables in dealing with the bases' question will hinder rather than facilitate our task because the course of international relations cannot be predicted with time as the only element.
 6. Beginning negotiations at the executive level without prior talks at the political level and without agreeing on a political framework is not in our interest because the problem we want to solve is not only technical but primarily political. The first thing to be clarified is the political will of the American command.
 7. We must ponder the question of the role we would like to play in the Eastern Mediterranean as an air-sea power in order to present the Americans with specific demands, accepting, however, a community of objectives (even though limited). At first sight, we may assume that the missions relating to protection of the Eastern Mediterranean sea lanes, surveillance and intelligence gathering are valid.
 8. By all means we must avoid a possible American assessment that our position is given. We must promote a climate showing that the negotiations will be businesslike.
 9. The Greek demand for defense balance will meet with American resistance based on the multiple roles Turkey plays in holding back a Soviet threat wherever it may develop on its borders and the Middle East region.
 10. We will have a major national benefit if we are able to get the U.S. to view together Greece's security and U.S. interests in the Middle East in the occasional reviews of American strategy in the Middle East.

11. With regard to the view that "the American bases are mainly indispensable for NATO interests and not national American interests, and that a possible closing of the bases would have negative effects on the Alliance and the U.S., and also that there are ready scenarios for transfer of the bases to other countries such as Turkey, Italy, Egypt," the following can be said:

--Transfer of the bases is not an isolated event but is tied to the American presence in the Eastern Mediterranean and therefore our negotiating position is strengthened, provided we do not succumb to the fear that without the bases we face chaos.

--The American fleet needs bases in the Eastern Mediterranean; the most ideal is in Crete, and it cannot be replaced. Crete is relatively farther than any location in Turkey.

--The instability prevailing in the Middle East does not allow time for the U.S. to face the risk inherent in transfer of the bases.

--The Americans do not wish to put all their eggs in one basket (Turkey or Israel).

--If indeed NATO regards as vital the presence of the bases in Greece, then our position becomes stronger and it does not weaken our request for aid.

--The neighboring Arab countries do not favor excessive growth for Turkey.

12. Turkish expansionism against our national interests is the heart of the Greek problem. Therefore, the bases' issue must be tied automatically to this problem. If Greek demands are not satisfied in this case, then there is no justification for sacrificing reduction of our national sovereignty in some areas of Greek soil.

13. Greece may become more independent and at the same time more trustworthy in her behavior in protecting Western interests in the area.

14. The basic benefits for the U.S. from a possible retention of the bases in Greece are:

--Continued American presence in the area.

--Better Greek-American relations.

--Acquiring facilities for intelligence gathering, stationing operational air and sea units and communications' support for them.

15. For the Americans, a request for greater economic aid will have to be accompanied by a desire for greater concessions (bargaining).

16. The economic benefits may take the form of increased aid, write-offs of old debts, favorable lending terms, gratis aid, etc.
17. General expressions such as "best efforts," "to the extent feasible," etc., are detrimental to Greece and as such they must be more specific.
18. Development of the bases in Greece has been founded on various studies. It is assumed that transfer of some of them (environmental study) will be useful for us.
19. The provision for two levels of talks--political and military--for following the course of the agreement is advantageous to us.

PROPOSALS

It is suggested that proposals revising the bases question must be formulated with all options open and with servicing of our number-one problem as a first priority, namely, averting Turkish expansionism against us, with a simultaneous development of an independent Greece, and utilization of the Balkans-Mediterranean-Europe area.

7520
CSO: 3521/8

AMERICANS REPORTEDLY DELAY DELIVERY OF PURCHASED AIRCRAFT**Deliveries 'Frozen'****Athens I KATHIMERINI in Greek 19 Oct 87 pp 1-2****[Article by Nikos Simos]**

[Text] The United States are especially interested in political developments in Greece and in the scenarios about political prospects; a series of events, which seem to be the several links of the same chain, leads to this conclusion.

According to information, one of the best known and most responsible Greek polling firms is carrying out research all over Greece, using questions that are fundamentally connected to the Greek-American relations and to possible changes among political personalities. One of the questions asked of the persons polled--who have already disclosed how they voted in the past elections--is how they are going to vote in the referendum on the U.S. bases. Since the question on political preferences has already preceded it, it is obvious that an attempt is being made to define the present preference of the various parties' followers in relation to the military facilities granted to the United States. It is being deduced that this poll was initiated by the American side--within the context of the shaping of the United States' attitude vis-a-vis the Greek situation--given the fact that one of the questions asked is related to whether Miltiadis Evert or A. Andrianopoulos would be preferred as the new leader of the conservative faction were it necessary to do so.

U.S. interest in things Greek (which has become more intense following information received in Washington, according to which it is doubtful whether ND followers would approve the agreement on the U.S. bases that would be signed by the PASOK) is also expressed indirectly in two other cases. These refer to Greek-American defense cooperation and reveal that Washington is attempting to keep some means of pressure on the government: a) either to prevent a referendum, or b) make the government present the agreement to the people in such a way as to achieve positive results.

Indeed, while U.S. deputy defense Secretary Grinken [phonetic] was supposed to visit Greece on 14 November at the head of a Pentagon mission, he sent word the visit was canceled. The trip was related to the defense and industrial cooperation agreement known as DICA, which at this time remains inoperative while the Turks have already tried out the F-16 aircraft assembled by them.

This cancellation of Mr Grinken's visit (even though the other members of the mission are still expected) is viewed as an attempt to downgrade the issue and to postpone the implementation of the agreement, since contacts at the ministerial level would provide an impetus for the settlement of pending matters.

Moreover, according to another reliable source, our own Ministry of National Defense has been notified that the General Dynamics firm, the manufacturer of the aircraft included in the "purchase of the century," did not allow the team of American businessmen with whom the Greek government has been in touch for the purchase of the aircraft electronic equipment to enter its installations. More specifically, around the middle of October, a Greek team made up of EAV [Hellenic Aircraft Industry] officials and technical experts, had visited the United States and had met with various companies' representatives about the purchase of such equipment. It has been agreed that this consortium would submit specific offers to the Greek government for a final decision. However, it seems that the matter is again bogged down, because the electronic systems manufacturers should have come to previous agreements with the aircraft manufacturer in order to adapt their equipment to the Greek purchase order.

Besides the fact that this additional delay is creating problems for the war readiness of the aircraft to be received, it is clear that the American obstruction is aimed at tying any progress on fundamental issues of Greek-American cooperation with progress in the negotiations on the U.S. bases. Besides, the American side is now admitting that more issues than in the past are left in a state of flux and that its immediate problem, that is, the continued existence of their bases on Greek soil, will be part of Andreas Papandreu's electoral tactics. It is indeed the possibilities of these tactics that Washington now wishes to limit, using the same weapons: the bases, the defense cooperation and progress in the Greek weapon program.

Deliveries Delayed

Athens I VRADYNI in Greek 21 Oct 87 p 7

[Excerpt] The delivery of the first F-16 aircraft to the Greek Air Force has been postponed from October 1987 to January 1988, that is, one month after the expiration of the DICA. This is being interpreted by political and military observers as a deviation from the original timetable related to developments in the forthcoming base negotiations.

However, both the American and the Greek sides provide assurances that there is no delay in the implementation of the order for the F-16 aircraft, and an attempt is being made to deny the undeniable figures that prove this delay.

The Ministry of National Defense is claiming in an announcement published yesterday that "there has been no deviation from the timetable for the delivery of the F-16 aircraft." Specifically, the Ministry states that the delivery of the first aircraft by the General Dynamics firm will be made in October 1988 and the first four aircraft will remain in the United States for training purposes, arriving in Greece in January 1989. These dates, the statement stresses, have not changed. "The statement, according to which the DICA agreement remains inoperative has no basis in fact, since contacts have remained constant, as proved by our participation in the COMDEF fair, in which all countries with such agreements participated," the statement concludes.

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CSO: 3521/16

U.S. TANKS CONSIDERED OLD; FRENCH AMX-30 COSTLY

Athens PONDIKI in Greek 9 Oct 87 p 3

[Text] Greek Brigadier General N. Parisinos is in danger of turning into an "American"--and this applies to the seven officers and civilian employees who are with him. They have been in the U.S. since September 8 to select the 300 used M-48-A5 tanks which we are buying from the American Army!

Of course, these people are not to blame for the delay. On the contrary, they are doing a good job. Who is to blame? Who else? The Americans who told us "come to the Alabama National Guard Armory and select the tanks you like."

But our people found that most of the tanks there were junk. They could not find enough to meet the quota. So they had to look elsewhere or wait until new shipments of tanks arrived at this "graveyard" in Alabama.

As a result, the Army General Staff [GES] ordered half of the men to return to Greece (they are expected in the next few days) and the rest to stay in America as a (more or less) "permanent group" to continue the search at their leisure.

All this might not have happened if Deputy Minister of Defense Th. Stathis had accepted the recommendation to procure the M-48-A1 (old tanks which, however, are suitable for installation of any kind of armament) costing several hundreds of millions less. Perhaps...

But it's not only the American tanks. We also have problems with the French AMX-30 which we want to modernize, and our French friends are trying to take the skin off our backs. Their demands are so outrageous that there were moments when we thought of getting rid of them by selling them to Asian or African countries.

Now the Ministry of National Defense decided to re-examine the question so that modernization will be done "in the most effective way." Because the major problem of the AMX-30 is centered on the speed gear box and more generally in the motor gear box package, consideration is given to limit modernization to it alone.

At the same time, we started asking ourselves whether there are other countries where we can get tanks. Certainly there are: Spain, Germany, the U.S.A. In other words, in addition to the French modernization method for turning the AMX-30 into the AMX-30-B2 (of Giat) there are other methods (in the countries mentioned above) which are less expensive and operationally satisfactory since they have been tested in North America and in the Saudi Arabian deserts.

Indeed, one of these methods is identical to the one used for modernization of the American M48 and thus, it can be twice as effective since we would not need double reserves for spare parts.

So, now the General Staff officers are up to their necks in additions, multiplications, and subtractions!

7520
CSO: 3521/4

NEW COSTS EATING UP ARMED FORCES' THREE PERCENT FUNDS INCREASE

Oslo AFTENPOSTEN in Norwegian 20 Oct 87 p 2

[Article: "Appropriations Increase for Armed Forces Being Devoured"]

[Text] This year's defense budget is burdened with a string of new items which together virtually eat up the appropriations increase of 3 percent. In addition, there is the element of uncertainty associated with the Kongsberg Arms Factory and the 40-percent dividend which the Armed Forces hold out hopes for. The danger of a lower figure is present. The increased outlays will then strain the 1988 defense budget, and in that case there will be even less of a real increase than there is now.

UNIFIL One Item

The Armed Forces' Supreme Command informed AFTENPOSTEN that ever since Norway's UN service in Lebanon began, some of the costs have been defrayed from other ministries' budgets. Starting in 1988, the Welfare Ministry's share will be assumed by the defense budget. This additional expenditure comes to 115 million kroner. Service in UNIFIL [United Nations Interim Force in Lebanon] is otherwise a purely money-losing undertaking, because the UN has never paid its share of the expenses.

The Armed Forces have not been compensated for additional expenses in connection with the reduction of working hours. The Armed Forces' Supreme Command expects a good 70 million kroner to go towards those costs.

The defense budget is further burdened by an outlay of 29 million kroner for running the civilian flight school at Torp in Sandefjord. Colonel Gullow Gjeseth, a press spokesman for the Armed Forces' Supreme Command, tells AFTENPOSTEN that the Armed Forces hope to save money in the long run by establishing this school: they expect to retain more pilots with military training.

If we add up all the additional expenditures that the defense budget must meet, we get a figure of 337 million kroner. As a rule of thumb, it can be said that a 1-percent appropriations increase to the defense budget constitutes 170 million kroner. The announced increase of 3 percent is consequently about to be devoured right at the outset.

ARMED FORCES WANT HARBOR TO BE BUILT ON JAN MAYEN

Oslo AFTENPOSTEN in Norwegian 20 Oct 87 p 12

[Article by Erik Veigard: "Armed Forces Want Harbor on Jan Mayen"]

[Text] The North Norway Defense Command in Tromso will take the initiative in finding out whether it is possible to build a harbor on Jan Mayen. Reasons of security and military preparedness speak loudly in favor of building it, says Major Ole-Henrik Iversen, planning officer of the North Norway Defense Command.

Construction of a harbor on Jan Mayen was brought up for consideration 10 years ago, but the project was shelved because of the expense. At that time it would have cost 400-500 million kroner to build a harbor. "Today it is possible that new techniques would make it cheaper to build a harbor. And besides, the need for a harbor has increased, among other reasons, because of establishment of the economic zone," says Major Ole-Henrik Iversen to AFTENPOSTEN.

The manned weather station and the navigation station on Jan Mayen are subordinate to the Armed Forces' data and telecommunications service. Supplies and personnel replacements can get to these stations only by plane, but 30-40 percent of the scheduled flights to the island must be canceled due to unstable weather conditions

"It is clear that we want greater regularity than we can obtain with planes," says Major Iversen. "For reasons of military preparedness alone, we ought to be able to get to the island whenever we want to, regardless of the weather."

This issue recently became topical when a 40-man standby crew was flown up to practice defending that part of Norway. The harbor should also be built for reasons of safety. This winter two men died trying to bring ashore a fisherman who was injured and needed air transportation from Jan Mayen.

The North Norway Defense Command will soon take the initiative and first of all consult the Armed Forces' Supreme Command to find out once again whether it is feasible to build a harbor on Jan Mayen.

12327
CSO: 3639/7

DEFENSE CHIEF CITES INCREASING IMPORTANCE OF NORTHERN AREAS

Oslo AFTENPOSTEN in Norwegian 19 Oct 87 p 13

[Article: "Armed Forces' Commander: Northern Territories More Important"]

[Text] "The significance of the northern territories increases. It is essential to see to it that a thinning out of nuclear weapons on the Continent does not result in a relocation of these weapons to areas close to us," emphasized General Vigleik Eide, commander of the Armed Forces, in a speech Saturday in Oslo.

"Even though we in the Nordic countries are not directly affected by the so-called INF agreement on reducing intermediate-range missiles in Europe, we could easily be affected in an indirect way," he pointed out. "As the number of nuclear weapons is reduced on the Continent, it is conceivable that those missiles, deployed on naval vessels, could become more important than before."

Possible Consequence

"It is therefore possible that the northern territories, in addition to keeping their role in the central balance, will become more significant in the European nuclear picture. In other words, it is essential to see to it that a thinning out of nuclear weapons in the central sector does not result in a relocation of those weapons to areas close to us," said General Eide.

The Armed Forces' commander, who spoke at a national gathering of the organization Women's Voluntary Preparedness, pointed out how gratifying the move toward an INF agreement between East and West was.

"The crux of the agreement is that both the United States and the Soviet Union will remove all land-based nuclear missiles and cruise missiles with a range of 500-5,000 kilometers not only from Europe but also from Asia. This is a positive thing," said General Eide, "especially because it may mean the beginning of a positive trend."

Stability Required

"It is important, however, that the arms reduction occur in such a way that stability between East and West is preserved--or, better yet, improved by focusing on a restriction of offensive weapons systems," he said.

"I believe," said General Eide, "that the acid test of Soviet leaders' willingness to cooperate will be the issue of reducing the Warsaw Pact's conventional forces. If people really want stability in Europe, the imbalance of conventional forces must be corrected. This ought to occur mainly through a reduction of Soviet troop strength, but it might also happen that NATO will have to make an all-out effort to increase its own conventional capacity," observed the Armed Forces' commander.

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CSO: 3639/7

RAUFOSS FIRM EXPECTS CONTRACT TO PARTICIPATE IN AMRAAM PROJECT

Oslo AFTENPOSTEN in Norwegian 19 Oct 87 p 3

[Article by Hans Chr. Erlandsen: "Raufoss Opportunity: Missiles for 900 Million Kroner"]

[Text] "The Amraam missile is a significant project which can furnish us with production orders worth 900 million kroner over 20 years," says marketing director Johs. Norheim of Raufoss, Inc., to AFTENPOSTEN. According to the Defense Ministry, the formal obstacles to Norwegian participation in the European production of this missile seem to have been cleared aside.

The ammunition factory in Raufoss is supposed to coordinate Norwegian industry's participation in the manufacture of this weapon, which will replace the now senescent Sidewinder. Norway holds out hopes for 5-percent participation in the production syndicate for European countries' purchase of the weapon. Raufoss will be involved in laying the groundwork for a bidding contest, and through it will seek permission to manufacture the missile's engine. This seems to be a foregone conclusion, because Norway is supposed to have its share of the production.

Norheim points out that the final decision has not been made on whether Raufoss will take part in the project.

Evidently, it was during a September meeting of Norwegian and American defense authorities that the final formal obstacles to Norway's participation were removed.

U.S. Problems

"I believe we've now solved the problems we had with the United States in this matter," says Defense Ministry undersecretary Bernhard-J. Eggesbo to AFTENPOSTEN. He emphasizes that Norwegian firms may receive big orders in connection with Amraam production. An agreement was drawn up for production and purchase of the missile between the United States, Great Britain, West Germany, and France. The last-mentioned is not an active member. Norway has been promised membership in this syndicate.

The need for Amraam in the three European countries is thought to be roughly 9,000 missiles over 20 years. The total production value of these missiles is estimated at 18 billion kroner. Five percent of that amounts to 900 million kroner, or 45 million kroner annually for the 20 years the project will last. It is believed that manufacture can begin in the early 1990s. For Raufoss it is important to get a replacement for engine production for the Sidewinder, a program which is drawing to a close.

Area of Concentration

"Engine production is one of our biggest areas of concentration. It is important both commercially and technologically," stresses Norheim. "This contract is essential if we are going to progress in other areas," he says, and mentions materials technology as an example.

Raufoss is already involved in developing another air-to-air missile, called Asraam. This is a purely European project that may furnish Raufoss with as many production orders as Amraam.

Norway's purchase of these missiles has not been formally decided, but everything suggests that it will happen. The precondition for a country's participation in the manufacture of Amraam is that the country itself buy the weapon. It is AFTENPOSTEN's understanding that other European countries will probably also purchase Amraam, something which would increase the value of Norway's output.

12327
CSO: 3639/7

PORtUGAL

MILITARY

DISAGREEMENT WITH BEJA FRG BASE COMMANDER BRINGS OFFICIAL DENIAL

35420006 Lisbon DIARIO DE NOTICIAS in Portuguese 16 Oct 87 p 4

[Text] The Portuguese Government yesterday formally denied having taken any action to expel the commander of the German forces stationed in Beja from the country. That information was supplied to the DIARIO DE NOTICIAS by the Foreign Ministry spokesman, who described as "speculative" the reports that referred to the expulsion of the Federal German officer as a fact.

However, official circles admit that there is a problem with the commander of the Beja Base. Some sources tried to minimize the matter, regarding it as simply a "personal conflict" between the Portuguese and German commanders of the Alemtejo base. The source of the dispute is reportedly actions taken by the FRG officer without the prior approval of the proper channels, specifically the conclusion of an agreement with the Beja Hospital for the evacuation of seriously ill patients by helicopter.

Speaking to the DIARIO DE NOTICIAS, the administratrix of the Beja Hospital denied that there was any agreement but acknowledged talks to prepare a plan. The administratrix explained that the idea arose after they had twice had recourse to the helicopter from the German base to transport injured persons "who were on the brink of death." The same informant confessed that after these experiments cooperation ceased "because we heard talk about difficulties, for which reason we resumed the use of only the Portuguese Air Force helicopters stationed in Montijo."

Some observers consider the "actions" of the Beja commander as part of a sort of "campaign" to obtain local support with a view to the Portuguese Government's acceptance of a future request for expanding the facilities granted at the Beja Base. Among them reportedly would be opening the base for helicopter training because of the FRG's increased difficulties in conducting it on its own territory. Government sources describe this allegation as groundless inasmuch as renegotiation of the Alemtejo Base agreement--which expires in 1988--"is not due to begin for 2 or 3 months and thus far the FRG has not even mentioned the possibility of requiring additional facilities."

8711

GOVERNMENT BROCHURE 'IF WAR COMES' STRESSES RESISTANCE

Stockholm DAGENS NYHETER in Swedish 15 Oct 87 p 44

[Article by Bengt Falkkloo]

[Text] Sweden's will to defend itself has not changed. But it used to be stated a little more formally. In those days, there were statements by both the king and the prime minister that "any announcement that resistance is to cease is false." That was what it said in the 1961 edition of "If War Comes."

What it says now is that "the fight is to continue until our country has been liberated."

"This does not mean that resistance has been devalued or downgraded," says department head Eino Tubin of the Psychological Defense Administration (SPF).

Tubin is also the publisher of the newest edition of "If War Comes."

"In the new edition, we begin instead by focusing on what people are supposed to do if war comes. That is why we start with the alert signals."

New Signal

There are the general alert, the air-raid warning, and the all-clear.

Plus the very newest signal, which is called "important announcement."

In the new brochure, that signal is described in red and white with the figures 6-7, 12-14, 6-7, 12-14, 6-7, and so on.

The figures indicate how many seconds the signal will be sounded.

That signal has never been sounded anywhere the country. All it means is that one is supposed to turn on the radio and listen.

"We have tried to sound the signal a few times and to get Radio Sweden to cooperate by broadcasting a short announcement during its newscast at 1500 hours."

But not even the Swedish psychological defense organization is able to disrupt radio program schedules. Perhaps it could be done if the OB [supreme commander of the Armed Forces] pulled up in front of Radio House with a cannon.

Shortened Version

The new brochure is printed in red and white--a far cry from the black-gray-green-brown version distributed in the early 1960's. The drawings are simpler, the text has been shortened, and several pages have been deleted.

"It now has only 32 pages, compared to the 40 pages in the printing from the 1970's," says Tubin. "There used to be many blank pages and a lot of white space.

"Moreover, it is so cleverly put together that the brochure is 'on plates,' if that is the correct expression, and ready to go. This means that all we have to do is stick the plates in the printing press, turn it on, and then in a little over a week we will have 8 million copies printed and stapled."

The new edition has been printed in 225,000 copies. It will be used mainly by the National Rescue Service and distributed in schools and military units.

"There will be no general distribution, but most people probably know that the same information can be found in the telephone directory," says department head Tubin hopefully.

Mobilization

The fight to resist an invader is discussed almost at the end of the brochure. Added to the discussion of that fight is the statement that mobilization is never to be abandoned.

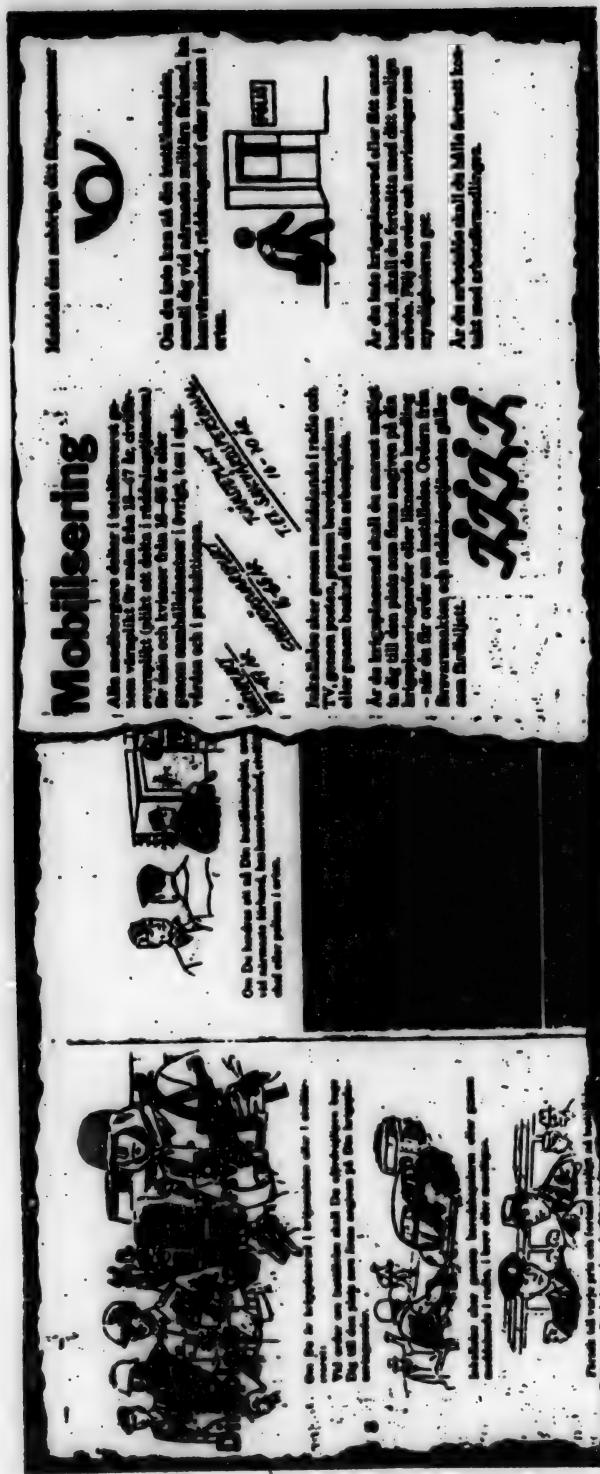
The reason is that if mobilization is ordered, that is the first move that an enemy would try to bring to a standstill--through propaganda and sabotage. Accordingly, resistance is to continue no matter what is said--in false radio broadcasts using voices that imitate Ulf Elving, Kent Finell, or Alicia Lundberg or in counterfeit editions of DAGENS NYHETER or EXPRESSEN--to Boden or Gotland!

In the otherwise black text, red letters are used to emphasize precisely that point:

"All parts of our country are to be defended. No part is to be abandoned without stiff resistance."

Advice

Besides those words of wisdom, there is the usual sage and sensible advice about how Swedes are to behave if the alarm sounds:



The brochure "If War Comes" has come out in a new and modern design. The new version (shown on the right) is printed in red and white and has simpler drawings and a shorter text.

1. Go to the air raid shelter with warm clothes, clean socks, a thermos, a radio (with fresh batteries!), long underwear, matches, boots, a gas mask if you have one, a flashlight, paper and pen, your ID card, your insurance papers, a serving tray, and your ration card!
2. If you are assigned to a wartime organization, all you have to do is report to your assigned station.
3. If you cannot get there, go to the nearest military unit.
4. If you are not assigned to a wartime organization, go to work as usual.
5. And if you are unemployed, you should go to the employment office as usual!

11798
CSO: 3650/11

OVER 100 FINNISH FIRMS SEEK USSR PROJECT PARTNERS

Helsinki HELSINGIN SANOMAT in Finnish 10 Oct 87 p 41

[Text] (HELSINGIN SANOMAT) (Kemi)--Finland and the Soviet Union before the end of this decade will sign agreements for over 10 joint projects. An official in the Soviet trade mission, V.B. Shibayev, said that the Soviet Union has received offers from some 100 Finnish firms altogether.

Shibayev spoke on the outlook for trade at a seminar on economic cooperation and border trade held in Kemi on Friday [9 October].

"Currently, negotiations are being held regarding 300 joint projects with Western firms. Talks are being held, for instance, with European countries, Japan, the United States, Canada, and Latin American countries," said Shibayev.

Shibayev did not care to speculate as to how many joint projects the Soviet Union would undertake with Western countries before 1990.

"With Finns, cooperation could result in a widening of production projects in the services area. For example, a joint project could operate in the shipping sector on the Soviet side of the border, or in the tourist and hotel sectors. However, the largest proportion of joint enterprises will in the future continue to operate in the production sector, Shibayev said.

Joint projects are part of the Soviet Union's economic reform movement. Their objective is to promote Soviet exports. Already the Soviet Union has joined with Western firms in seven cooperative projects, in which three are represented by Finnish firms involved in joint companies.

"It also appears that joint companies will be found most easily among the small and medium-sized firms. Finns are cautious, and they want to get clarification from the Soviet Union on the distribution of responsibility with regard to such things as guarantees and acquiring raw materials, as well as on finding marketing channels, setting prices, etc. We, on the other hand, lack enough experts on joint project operations," said Shibayev.

Seppo Ilander, director of a company operating in the border trade located in northern Finland, would not like to see an increase in border trade which would involve increasing Soviet exports of machines and instruments.

"The Soviet Union exports more machinery and instruments to Finland than it does to all other Western countries combined. Finland should not be made to accept the strain of importing this machinery if the Soviet Union is not able to sell it to other Western countries," Ilander remarked.

Boris V. Sergeyev, the Soviet acting trade representative in Finland, is of an entirely different opinion.

The Soviet-Finnish border trade last year was responsible for the export of some 200 million rubles of machinery and instruments exports. Of this amount, about 40 percent were semi-finished goods which were finished in Finland. The true machinery-export figure was 120 million rubles [according to Sergeyev].

/06662

PRICE INDEX RISES MORE SLOWLY THAN 1985, 1986

Athens I KATHIMERINI in Greek 9 Oct 87 p 11

[Excerpts] According to Statistical Service data, the price index increased slowly in September. Compared to August the consumer price index increased by 2.2 percent and 5.0 percent, compared to the corresponding 1986 and 1985 increases, respectively.

More analytically, the Statistical Service data give the following information;

A comparison of the September 1987 index to that of September 1986 shows an increase of 14.7 percent compared to the 22.8 percent and 20.1 percent increases resulting from the comparison of the 1986 and 1985 indices to the 1985 and 1984 indices, respectively.

The average level of the 1987 January-September index compared to the 1986 level shows an increase of 16.7 percent as against increases of 24.3 percent and 18.0 percent in levels of the corresponding periods in 1986 compared to 1985 and in 1985 compared to 1984.

Finally, the index during the 1987 January-September period (comparison of the September 1987 index to that of December 1986) shows an increase of 10.1 percent compared to increases of 12.3 percent and 14.3 percent in 1986 and 1985, respectively.

7520
CSO: 3521/3

INCOME DISPARITIES SHOW SIGNIFICANCE OF PARA-ECONOMY

Athens I KATHIMERINI in Greek 10 Oct 87 p 13

[Excerpt] According to a study on income distribution by the National Center for Social Research [EKKE], income inequities in Greece are much greater than tax income data of the Finance Ministry show.

Results of the study, made public yesterday (concerning 1985), reveal that taxpayers do not report a large part of their income--a fact which is supported by the discrepancy between the data EKKE gathered (using the method of information confidentiality) and the Finance Ministry data. This discrepancy, which EKKE director Kon. Tsoukalas characterized as particularly large (without, however, giving its size) is one more indication of the magnitude of the para-economy in our country.

The main findings of the study on income distribution in the Athens area are: The annual gross income of a household is 1,095,800 drachmas while the net income is 914,000 drachmas. The gross and net per capita income is 378,200 and 315,000 drachmas, respectively. Of the total gross income of the capital's residents, only 83.41 percent represents their net income; 8.27 represents taxes and 8.32 percent is contributed to insurance funds.

Of the Athenians' total income, 48.14 percent derives from wages and salaries; 21.24 from professions and enterprises; 20.56 percent from pensions; 4.8 percent from rents; and 5.25 from other sources.

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CSO: 3521/3

CURRENT ACCOUNTS BALANCE DEFICIT SHOWS IMPROVEMENT

Athens I KATHIMERINI in Greek 6 Oct 87 p 1

[Article by Grigoris Nikolopoulos]

[Excerpt] In August the [8-month] current accounts balance showed significant improvement. Its deficit dropped by 428 million dollars to 712 million compared to deficits of 1,311 million and 2 billion dollars during the corresponding 8-month periods in 1986 and 1985.

On the other hand, during the January-August 8-month period the country's foreign exchange reserves reached 3,803 million dollars compared to 2,172.4 and 1,324.1 million dollars in 1986 and 1985, respectively.

The 428 million dollar improvement in the August current accounts balance was due mainly to the sensational increase (63.3 percent) of invisible resources compared to August 1986. This amount includes a contribution of 294 million dollars by EEC--an amount considerably higher than the 1986 EEC contribution of 29.6 million dollars.

In any case, the improvement is very adequate in all factors of the current accounts balance, a fact which reflects the positive impact of the economy's stabilization program. And Bank of Greece Governor D. Khalkias said that this improvement must be credited to the stabilization program and particularly to the development of real interest rates at levels corresponding to those existing abroad.

He added that these factors have checked the escape of capital abroad and it appears that they have contributed to capital recovery.

The Trade Balance

Trade balance developments are not particularly satisfactory. During the 8-month period imports reached 7,915 million dollars compared to 6,655.2 million in 1986, while exports reached 3,360 million compared to 2,849.7 million in 1986. It is noted that the increase in exports has not yet surpassed the percentage increase in imports (17.3 and 18.9 percent, respectively).

CONSTRUCTION DETAILS, FINANCING OF USSR PIPELINE DISCUSSED

Athens I KATHIMERINI in Greek 3 Oct 87 p 11

[Article by Kostis Stambolis: "A Seven Hundred Kilometer Pipeline Will Bring Soviet Gas to Greece"]

[Text] It is expected that the import of natural gas to the Greek energy system and prospects of its broad use by both industry and private consumers will have very positive effects on the country's economy as well as on improvement of the environment of large cities and particularly Athens.

These are some of the assessments by market experts whose opinion we sought after the recent government announcement about the impending signing of the agreement between Greece and the Soviet Union for importing natural gas from that country.

The government's decision to import natural gas comes 30 months after A. Papandreu's visit to Moscow (February 1985) and 18 months following the opening of negotiations between Greek and Soviet experts. The government's announcement last week implies that an agreement has been reached on essential points such as the annual volume of natural gas to be imported, purchase prices, offset benefits and technical specifications concerning construction of the pipeline.

According to a preliminary study by the Public Petroleum Corporation [DEP]--it is assigned responsibility for natural gas importation--the pipeline will cross the Greek-Bulgarian border northeast of Salonica, it will be 700 kilometers long and the cost of its construction will approach 1 billion dollars. According to engineers and experts, construction of the pipeline in Greece will take 18 to 24 months and it is possible for Greek enterprises and construction companies to participate with more than 50 percent of the construction cost covered in drachmas.

These experts point out that a delay is expected in starting the whole project because of the necessary expropriations of land where the pipeline will be laid and also because (judging from past experiences concerning construction of large projects) DEP will need at least 2 to 3 years to prepare the necessary studies and write the specifications needed before asking for bids. Therefore, the conclusion is that the earliest possible date the Soviet natural gas will reach Greece is placed after 1992.

Moreover, the question of financing the terminal installations and the whole network for distribution of gas is still unsolved. It is not yet known whether the government intends to let foreign or Greek companies and banking firms participate in financing of the project.

Foreign banking circles, commenting on the Greek government's decision to import natural gas from the Soviet Union, observe that in a period of economic austerity and when efforts are being exerted to reduce the country's debt, if it assumes more responsibilities or guarantees for sums up to a billion dollars the government will have difficulty finding a favorable response among international financing organizations or among Greek state agencies which have assumed the responsibility for the stabilization program.

On the other hand, according to reliable sources, the anticipated agreement between Greece and the Soviet Union is but a preliminary agreement/framework which states Greece's intention to buy Soviet natural gas on a 25-year basis and it has a provision for offset benefits.

The agreement probably also includes the annual volume of the piped gas which is expected to be 500 million cubic meters during the early period of operation, and which may reach 2.5 billion cubic meters at its peak operation--when it is expected the imported natural gas will cover 12-13 percent of the country's energy needs.

Thus, it is expected that in the next few months a number of separate agreements will be signed between DEP and various Soviet organizations.

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CSO: 3521/3

GREECE

ECONOMIC

SCIENTIFIC, TECHNICAL AGREEMENT SIGNED WITH ALBANIA

Athens I KATHIMERINI in Greek 24 Oct 87 p 12

[Text] A program of scientific and technical cooperation was signed day before yesterday in Tirana between the Greek and the Albanian governments, represented respectively by N. Khrysogelos, the Greek Embassy charge d'affaires, and Fikiri Bakali, secretary of the scientific and technical commission. The program will continue during 1987 and 1988 and envisions technical and scientific and technical exchanges between the two countries in the fields of industry, mining, light industry and agriculture.

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CSO: 3521/16

RANK OF ITALY GOVERNOR'S REPORT ON ECONOMY

Rome LA REPUBBLICA in Italian 9 Oct 87 supplement pp 4-5

[Article by Carlo Azeglio Ciampi: "Dear Goria, Your Remedy Is Insufficient"]

[Text] During the hearings before this committee in October last year I stressed the need to eliminate the primary source of imbalances in public finances, that created by financial requirements net of interest. The objective of reducing to zero by 1990 the primary deficit in the government sector was indicated in the plan of rehabilitation presented by the government of a few months earlier. The progressive easing of pressure exercised by the Treasury upon the capital markets would have made it possible to reduce the burden of interest, a result of the accumulated debt of years past.

The Decline in Taxes

In 1987, the decline in taxes of the preceding year in connection with the strong decline in inflation made it possible after years of continuing increases to maintain the cost of interest practically unchanged despite expansion of the debt from 767 trillion to 878 trillion lire. That expenditure, (including that for postal collections) will be on the order of 75 trillion lire compared with 73.5 trillion in 1986; if for purposes of a homogeneous comparison, we subtract the revenues of the tax on the yields of public securities, the amount of interest estimated in the current year will be on the same level as 1986. In relationship to the gross domestic product, the gross cost of interest will fall in the 2 years from 8.2 to 7.7 percent.

On the basis of official estimates, the financial requirements net of expenses for interest, that is the source of the imbalance in public finances, will be reduced only slightly, from 36 trillion to 34 trillion lire. According to the government plan of rehabilitation, it instead should have been reduced by about 10 trillion lire making it possible to contain required overall revenues within 100 trillion lire.

The objective of readjusting the amount for government financial requirements toward 10 percent of the Gross Domestic Product, which did not succeed this year, is again proposed in the new financial law for 1988 even though this means having abandoned the more ambitious objective indicated in the medium term rehabilitation plan which put a cap of 90 trillion lire on the overall revenue requirements of the state. However it is to be observed that in

the same year, 1988, given the increase in the size of the debt and the substantial stability of taxes, the amount paid in interest is expected to rise from 75 to 83 trillion lire so that the deficit net of interest should drop from 34 to 26 trillion lire, exerting a downward pressure on the Gross Domestic Product from 3.5 to 2.5 percent.

The achievement of this objective implies an incisive action on the various components of revenues and expenditures. The measures accompanying the finance law, announced in advance by the government, should supply the necessary efficient instruments and deal with the quantitative aspect as well as improvement of efficiency in the public sector.

Last May, recognizing the need for a correction in the amount of revenues, I stressed the need to intervene primarily in order to reduce the area of escape and evasion from, and the erosion of, tax assessments. The government has now announced that it wants to resort to the increase of the number of certain indirect taxes in order to quickly increase revenues and in order to restore balance to the relationship with direct taxation. But an increase of indirect taxes causes effects of a "mechanical" impact which would raise the level of prices. It is a cost that is not indifferent to and not free of danger: In order to reabsorb it in a short time it is necessary that the overall maneuver of economic policy be such as to have an effect upon the expectations and final determinations of the inflationary process from the demand side as well as the cost side so as to cause a downward shift in basic trends. Only by reviving expectations of an easing of inflation will it be possible to overcome the conflict between a monetary policy aimed at stability and the pressing needs of financing revenue requirements and administering the public debt. The continuation of this conflict could not fail to be reflected in the levels of the rates of interest.

The planning picture, outlined last autumn for 1987, discounted a sustained development of the world economy and an economic policy capable of continuing the positive progress of 1986. By virtue of the favorable progress of world demand, current balance of payments would have again registered an advance of about 6 trillion lire. The growth in the Gross Domestic Product would have exceeded 3 percent. Inflation was supposed to drop further considering both the deflator of the Gross Domestic Product as well as consumer prices.

Major Points

On the basis of this macroeconomic picture and of the commitment to revise the total financial requirement commitment to 100 trillion lire, the Bank of Italy outlined a financial picture whose major points were represented by an expansion of financing in the nongovernment sector by 7 percent, with a margin of more or less 2 percentage points in order to take into account the phenomena of instability connected with the change in the financial structure, and a growth in the money supply--as defined by M2--of between 6 and 9 percent. Given the estimate of state financial needs, total

internal credit would have grown from about 11 percent and overall financial activity around 12 percent.

The preliminary budget of the current year shows significant differences from that planning picture. The government's financial requirements, despite measures taken at the end of August, is expected to remain on the level of last year, that is 10 trillion lire higher than estimated. The development of production will conform substantially with estimates. The current balance of payments should close in balance, rather than showing a surplus. At the end of the year, the consumer inflation rate should increase, after 12 months, by about 1 point compared with the figure implicit in the annual average objective. The above-mentioned results were influenced in part by a development of the international economy that was less favorable than expected. Control of the monetary and financial variables required a succession of interventions during the course of the year.

At the end of 1986 interbank rates rose by 1 percentage point, exceeding 12 percent. After the realignment of the SME [European Monetary System] of 12 January, there were strong flows of capital both toward the banks as well as toward other channels: This permitted the return of more relaxed monetary market conditions. The Treasury financed itself at newly decreasing rates: In the first 4 months of the year, the rate for 3-month ordinary treasury bonds dropped by about 60 cents, a 1-year bond about 40 cents, downward to 9.6 percent before tax. On 13 March, the discount rate was reduced from 12 to 11.5 percent.

However, there was cause for concern due to the growth of financing in the nongovernment sector in excess of the upper limit of figures planned, both by the banks as well as by special credit institutions. In February there was primarily an expansion of the use of currency.

A first response was the introduction on 3 March of an obligatory reserve on increases of the net currency collections of banks. This was done in order to make less profitable the flow of short-term foreign capital through credit institutions. On the institutional level, the measure completed the arsenal of control instruments for bank deficits.

Worries

In spring, worries concerning the progress of the business cycle gained substance. The Bank of Italy mentioned this several times on public occasions: A world demand that was weaker than expected, a domestic demand which exceeded to a degree greater than had been foreseen the growth of the Gross Domestic Product; an increase in the public deficit greater than planned; a higher formation of incomes, fed in the private and public sectors by contract negotiations which often went beyond the "pre-set ceilings"; a tendency toward worsening of current accounts in the balance of payments; the exhaustion of the phase of decrease of the rate of inflation; the weakening of demand for government securities and the acceleration of the growth of deposits and above all of loans

in lire.

Acting through financing granted to the credit institutions, the Bank of Italy pushed toward a short-term rate increase: The monthly average of the overnight rate, equal to 9 percent in April, varied between 10.5 and 11.5 percent during the May to June quarter; bank liquidity was maintained below 4 trillion lire. On several occasions the Bank of Italy invited the banks to moderate the growth of their invested funds pointing out that this considerably exceeded the increase of income and investment and was concentrated in deals in favor of the large enterprises with predominantly financial use.

In the conduct of monetary policy once more the needs for macroeconomic control conflicted with the demands of government financing.

At the beginning of July, in order to insure financing on the market of the growing expansion of public money supply, an increase in the yield of government securities became necessary: The rate of the 12-month ordinary (BOT) Treasury bonds was raised by almost 1 percentage point to 10.6 percent after taxes; Treasury bonds (BTP) were raised by a similar amount while the first coupon of the CCT [expansion unknown] was increased by about 1/2 a point. On the average, in the month of August, the rate on the overnight market rose in the neighborhood of 13 percent.

In a situation such as that described above, characterized by uncertainty due to the mix of objective technical-economic situations with a delicate political preelectoral and postelectoral phase, there was a pressure on the exchange rate designed to provoke a realignment of the lire in the SME.

The liberalization of currency measures adopted in May, in implementation of the plan to achieve a greater freedom in financial relations with foreign countries, implied a flight of capital derived from a lagging demand in the foreign portfolio: The amount of outgoing capital had to be, and was, compensated in the usual positive progress of the current accounts in the summer months. But superimposed on that foreseeable phenomenon was a considerable flight of short-term capital.

The movement became sudden and exceptionally violent on the eve of the mid-August holidays: The prompt reaction on the market by the Bank of Italy stemmed the flow. On the 27th of that month, in harmony with the interpretation of the business cycle referred to above of an excess of domestic demand and the public deficit, a package of fiscal (withdrawal of 3.5 trillion lire) and monetary (increase of the discount rate to 12 percent) measures was adopted. At that time, in order to reduce the uncertainties of investors, authorities advanced by 1 month the doubling of the amount of withholding on government securities from 6.25 to 12.5 percent and at the same time the yield of those securities was increased.

After the Flare-up

The restoration of calm in the exchange market after the mid-August

flare-up turned out to be a brief respite; the pressure resumed in September, becoming particularly strong on the eve of the meeting of the finance ministers and governors of the central banks of the EEC on 11 and 12 September. Some had considered the meeting to be useful for a realignment of the SME parities. Even investments in lire, after a temporary reversal in July, reaccelerated in August. The demand for medium and long-term government securities continued to be flat and public needs were met increasingly through the issuance of short-term securities. It became clear that a maneuver was needed which would have a decisive impact on the market: This led to the measures of 13 September.

The currency measures, acting on the currency accounts of businesses and on the possibility of anticipating payments and deferring receipts in currency were destined to tighten the margins of maneuver of speculation against the lire. The maximum limits on investments in lire served to stem the flow of credit which increases currency pressure and to provide incentives for the flow of bank capital from abroad which was no longer subject to the obligation of reserves following the reduction of the amount to zero. The temporary nature of both measures makes clear their function of establishing a tie between measures taken in July and August, as described earlier, and those which will flow from the finance law.

On the exchange market the technical situation was reversed suddenly: Between 13 September and the end of the month the recovery of currency reserves, a rate of exchange of our currency with the mark which dropped by about 4 lire, was more than \$5 billion, compensating almost entirely for the downflow in August and the first 10 days of September. The downflow of currency continued in the early days of October.

The maximum limit was established in order to restore the rate of growth of bank loans in lire from 14 percent annually, a figure registered in August, to 8 percent at the end of 1987, a figure in harmony with the development of income during the year. The adjustment should not be particularly difficult for the banks or burdensome for the productive system since, as some early indications seem to confirm, it should come principally through the cut in large-volume, low-rate investments. In relation to the growth of investments in machinery and equipment, by the end of the year there can be a more accentuated growth of loans by special credit institutions. Such institutions have been asked by the Bank of Italy to avoid usurping the role of banks which issue short-term credit. As a result of the flow of bank investments and those of special credit institutions as well as of the considerable issuance of obligations by the nongovernment sector, the total finance picture in this sector should increase during the year within or slightly above the upper margin of the estimated target.

Overall it is foreseeable that total domestic credit will grow by about 13 percent, equal to about 150 trillion lire compared with the 11 percent planned. Within it is confirmed the prevalence of indebtedness of the government which will reach 70 percent of total credit against 30 percent which flowed to the private sector.

Despite the worsening of the balance of payments and the switch of savers to investments in foreign securities, the higher-than-predicted growth of credit will sustain that of domestic financial activity which should increase by 142 trillion lire, equal to about 13 percent. An expansion of this size, even though a percentage point above the programmed rate, represents a net decrease compared with the 17 percent of 1986. The weight of the number of common funds should be very inferior to last year in the flow of this aggregate. In fact, the acquisition of these activities, as also of direct investment in stocks, decrease considerably due to the drop in the stock market and the exhaustion of the phase of adjustment of portfolios connected with the introduction and development of new securities intermediaries.

The complex of events I have described so far were accompanied by a growth in the monetary base in the first 9 months of the year of about 6.5 trillion lire, corresponding to an annualized rate of 11 percent. In determining this growth, the effect of funding by the Treasury was dominant. It was equal in that period to more than 13 trillion lire while the foreign sector decreased its monetary base by 3.5 trillion lire. During the remainder of the year the growth in the monetary base was to ease off and its composition was to be put back into balance through a limited expansion of funds furnished by the Bank of Italy to the Treasury.

Despite the ceiling, in the last quarter of this year and in the first quarter of 1988, the central bank will exercise a careful regulation of the variables that are institutionally entrusted to it. The control action of the liquidity of the system is necessary in order to avoid a situation in which violation of the ceiling would undermine its effectiveness. The measures contained in the finance law and those accompanying it should produce an easing of the pressure exercised by government financial requirements on the financial market and redirect savings toward investment in medium and long-term securities.

The Maneuver

It seems to me that the essential macroeconomic results that the maneuver sketched by the draft finance law proposes can be summarized as follows: A growth of the Gross Domestic Product of less than 3 percent; a deficit contained within the current balance of payments; an annual rate of consumer inflation of 4.5 percent. The achievement of these results, and more especially the last, implies an incisive economic policy action in its 3 components: public budget, income, the monetary aspect.

Consistently with the above macroeconomic indications, the Bank of Italy has set forth a credit and monetary picture that hypothesizes a growth of financing in the nongovernment sector of 8 percent, slightly above that of the Gross Domestic Product, but in line with that of investment. The above objective is to be included in a range of 2 percentage points plus or minus in order to take into account the phenomena of financial innovation.

Given the commitment to maintain government financial requirements within 109.5 trillion lire, the total domestic credit should increase by about 11 percent. There should be an increase of the same amount in overall financial activity, whose substance would outstrip that of the national product by almost one third. The growth of money, in the definition of M2, should be much more contained than the overall financial activity and close to that of nominal income; it will be maintained within a range of 6 to 9 percent.

The achievement of these monetary and credit objectives certainly is not easy: It is sufficient to consider that it will require an increase in the public debt held by investors at a rate about double that of the national income.

The amount of securities due to mature in 1988 may be estimated at about 350 trillion lire, equal to about one third the Gross Domestic Product. Merely to ensure the renewal of the debt, a gross issue of about 30 trillion lire on the average every month will be necessary. To this will be added the issuances designed to finance the revenue needs for the year. These are figures that put our country in an anomalous position compared with other large industrial nations: Their size in themselves indicate the effects that administration of the public debt will exercise on the management of money. A response of the inferior market even only somewhat less than expectations will make control of bank reserves and respect for obligations of monetary policy somewhat problematical.

The difficulties concerning the maintenance of basic equilibrium of the system, difficulties which have their origin in the first place in the condition of public finance, were made once more clear recently by the pressure on currency and by the weakening of the financial market. An incisive action of all components of economic policy on the front of finance and on that of inflation is the only guarantee to definitively overcome the present problems and to avoid a repetition of them.

May I be permitted a final note: The Parliament and government have decided, by formally improving the European Unified Act not many months ago, to accomplish and consolidate the process of currency liberalization and a closer real and financial integration of the Italian economy into the European and international world. A more ample liberalization would favor development but at the same time constitutes a double tie: It requires even greater consistency in economic policy, and puts the nation's credibility to a much more rigorous international test.

Table 1. Figures Increasingly Worse

I conti peggiorano sempre

(1)

La tabella a destra mostra l'andamento di fabbisogno, interessi e debito del settore statale dal 1980 fino a oggi.

Quest'anno le spese per interessi saranno di 75 mila miliardi contro i 73.500 del 1986. L'indebitamento pubblico è cresciuto in maniera considerevole passando da 676 a 878 mila miliardi. Nel 1980 era pari a 212.671 miliardi e la sua incidenza sul prodotto interno lordo era del 54,5 per cento. Oggi è salita al 90,4. Ciò vuol dire che i debiti dell'"Azienda Italia" sono ormai quasi pari ai suoi effettivi. Va notato, infine che tutti i dati riportati mostrano un peggioramento anno dopo anno.

ANNI	(2)	(3)	(4)	(5)	(4)	(6)	(4)	(7)	(4)
	Fabbisogno (miliardi)	% PIL	Spese per interessi (miliardi)	% PIL	Fabbisogno al netto delle spese per interessi (miliardi)	% PIL	Debito al 31 dicembre (valori nominali miliardi)	% PIL	
1980	35.886	9,2	19.235	4,9	16.651	4,3	212.671	54,5	
1981	49.596	10,6	27.328	5,6	22.268	4,8	267.765	57,2	
1982	70.692	13,0	38.914	7,1	31.778	5,8	342.173	62,8	
1983	88.257	14,0	47.105	7,5	41.152	6,5	433.601	68,7	
1984	95.388	13,2	57.579	8,0	37.809	5,2	531.940	73,8	
1985	110.237	13,7	63.558	7,9	48.679	5,8	658.562	81,5	
1986	109.586	12,3	73.525	8,2	36.061	4,0	767.432	85,8	
			(73.206)	(8,2)	(36.380)	(4,1)			
1987(1)	109.000	11,2	75.000	7,7	34.000	3,5	878.000	90,4	
			(73.200)	(7,5)	(35.800)	(3,7)			

(8)1) Elaborazioni su stime del Ministero del Tesoro.

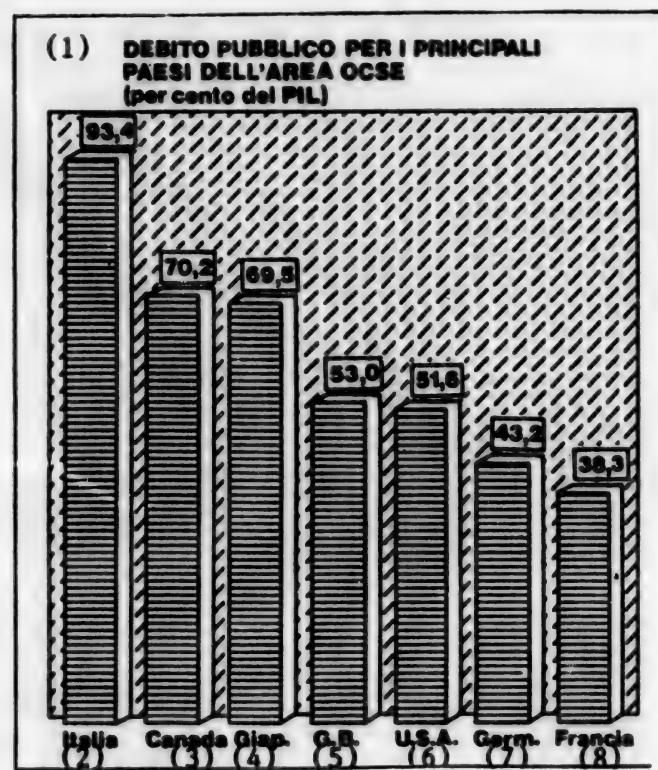
(9)N.B.: tra parentesi sono indicati le spese per interessi e il fabbisogno primario al netto della ritenuta per l'imposta sostitutiva sugli interessi dei titoli pubblici.

Key:

1. The table to the right shows the financial needs, interest and debt in the government sector from 1980 to date. This year expenditures for interest will be 75 trillion lire against 73.5 trillion in 1986. The public debt has grown considerably, rising from 676 to 878 trillion lire. In 1980 it was equal to 212.671 trillion lire and was 54.5 percent of the Gross Domestic Product. Today it rose to 90.4 percent. This means that the debts of "Italy, Inc." are now almost equal to "gross sales." It should be noted finally that all the data reported show a worsening situation year after year
2. Years
3. Financial need (billions)
4. Percent GDP
5. Interest costs (billions)
6. Financial need net of interest costs (billions)
7. Debt as of 31 December (nominal values in billions)
8. (1) Extrapolations from estimates by Treasury Ministry
9. Note: Figures in parentheses indicate expenditures for interest and the "primary" need net of revenues from withholdings for the substitute tax on interest for public securities.

[Tr. note: In the above table commas should be read as periods and periods as commas.]

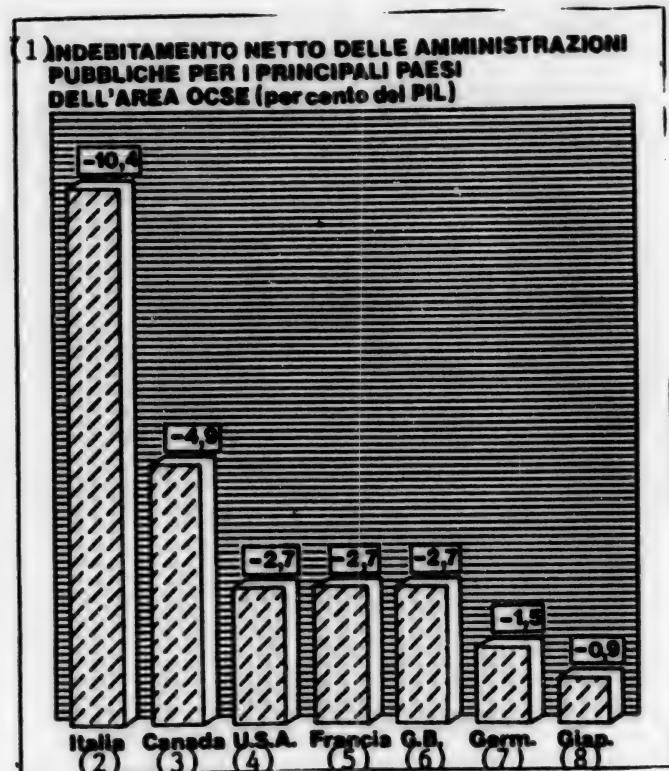
Table 2. Bank of Italy



Key:

1. Public debt for the principal nations of the OECD area (percentage of GDP)
2. Italy
3. Canada
4. Japan
5. Great Britain
6. United States
7. Germany
8. France

Table 3. Bank of Italy



Key:

1. Net indebtedness of public administrations for the major countries of the OECD area (percentage of GDP)
2. Italy
3. Canada
4. United States
5. France
6. Great Britain
7. Germany
8. Japan

6034
CSO: 35280028

EEC GRANT TO MODERNIZE INDUSTRIAL STRUCTURES

35420007a Lisbon DIARIO DE NOTICIAS in Portuguese 15 Oct 87 p 1

[Excerpt] A financial package of about 2 billion ECU's (approximately 328 million contos) is the total amount of Community assistance aimed at modernizing the national industry.

That sum will be distributed over 5 years (1988-1992) and 50 percent of the line of support will be through the so-called "structural funds." The other half may be transferred in the form of loans from the European Investment Bank and the New Community Instrument (NIC).

These decisions were announced yesterday by the European Commission, which went to Strasbourg where the plenary proceedings of the European Parliament are taking place. Financing through the structural funds was not particularly desired by Portugal, which preferred the concession of specific lines of support; however, these would be very difficult to obtain considering the financial difficulties with which the EEC is wrestling at this time.

The financial package will aim at modernizing the basic structure, strengthening professional education and the financing of productive investments, aims that the European Commission considers essential for the development of the country.

8711

AUGUST-SEPTEMBER FIGURES ON INFLATION, CONSUMPTION

35420007b Lisbon O JORNAL in Portuguese 16 Oct 87 p 6-E

[Text] The fight against inflation registered another victory in September but consumption remains "excessive," declared the prime minister on RTP's "Front Page" program.

Consumption has been growing at the rate of 5 percent per year, slightly more than the increase of the product, which is 4.7 percent, Cavaco Silva said. He promised to reduce the growth of consumption to "acceptable" levels: 3 percent per year.

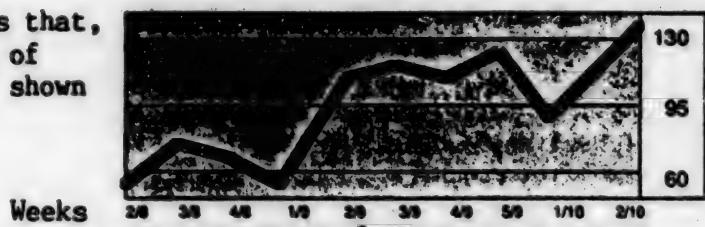
Tavares Moreira, the governor of the Bank of Portugal, revealed that there will not be any new credit restriction, without specifying for what period of time. However, he reaffirmed control of the money supply and announced new legislation (certainly restrictive) on group sales.

The prime minister expects an inflation level of between 5.5. and 6.5 percent in 1988.

EMPLOYMENT: Demand Shoots Up

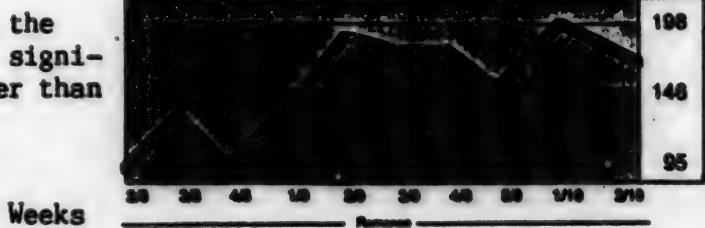
Index: 1986 = 100

The JORNAL DA ECONOMIA index shows that, after a decline in the first week of October, help wanted ads have now shown a sharp increase.

**EMPLOYMENT: Supply Decreases**

Index: 1986 = 100

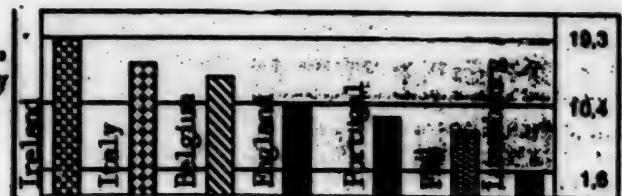
In the second week of this month, the number of job wanted ads showed a significant decline but was still higher than the average number last year.



UNEMPLOYMENT: Better Than Average

Eurostat data show that Ireland is the European Community country with the highest level of unemployment. Portugal, with 8.5 percent, is below the Community average of 10.9 percent.

Percentage of active population
Period: August 1987



MONTHLY INFLATION: Slight Decline

According to INE's figures, monthly inflation showed a small decline in September after slight rises in July and August.

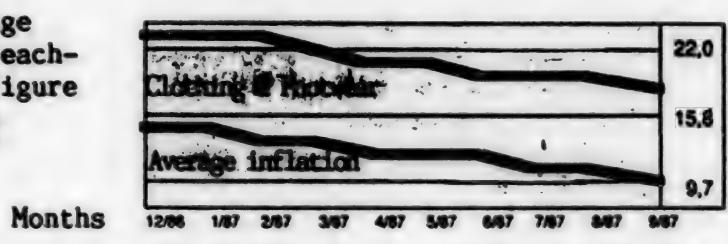
Index: 1986 = 100



ANNUAL INFLATION: Shoes, Suits Decline

The INE's figures show that average inflation continues to decline, reaching 9.7 percent in September, a figure two times lower than that for the category "Clothing and Footwear."

Annual variation in percentage



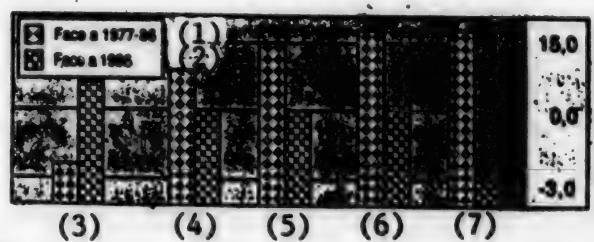
AGRICULTURE: Irregular Productions

Index: 1980 = 100

INE data reveal that, except for potatoes and rice, which showed small increases, the production of corn and beans remained stagnant, and that of tomatoes decreased.

Key:

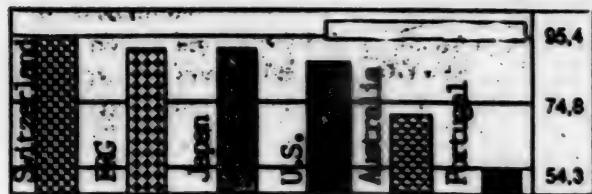
1. Compared to 1977-86; 2. Compared to 1986
3. Irrigated potatoes; 4. Dry-grown beans; 5. Dry-grown corn; 6. Rice;
7. Tomatoes



PORUGAL: Good Debtor

The INSTITUTIONAL INVESTOR MAGAZINE reveals that, with 54.3 points, Portugal ranks 31st in the list of countries with most credit. The list is headed by Switzerland, with 95.4 points.

Points
Period: September 1987



FOREIGN INVESTMENT: England Leads

The INE reveals that England, with a small lead over Spain, heads the list of countries that invested in Portugal in the first 9 months of this year.

Key:

1. Jan-Sept 1986; 2. Jan-Sept 1987
3. Total; 4. England; 5. Spain; 6. FRG; 7. France

8711

In millions of contos



POLL REVEALS BASQUE MAJORITY SATISFIED WITH STATUS QUO

35480012b Bilbao DEJA in Spanish 30 Sep 87 p 27

[Excerpt] According to a poll taken by the market and opinion studies firm, JMC, Inc, 56 percent of the Basque population claims to be "happy." This survey was ordered by Euskal Telebista, for a new debate program entitled "The Other Viewpoint," which will start airing today, under the direction of the journalist and former Basque spokesman, Eugenio Ibarzabal, who will present it.

Vitoria (EFE)--From the aforementioned poll, which will serve as a basis for a debate on the general issue of happiness, one infers that 16 percent of the Basque population considers itself very happy, and 40 percent, "quite happy," only 8 percent claiming to remain in a state of unhappiness.

The survey for the program indicates that the happiest are those who are married, followed by single, widowed, separated, or divorced persons.

As for the time of life when this happiness is most in evidence, the Basques claim that the period between ages 35 and 49 is the happiest, followed by that between 50 and 64 years, and that from ages 25 to 34.

The poll specifies: "The level of happiness is similar and, in both instances, lower, among the youth up to age 24, and among the elderly over age 65."

With regard to what has a negative effect on the pursuit of happiness, those queried cited, first, material insecurity, and lack of money, as a prime obstacle, followed by loneliness and "forgetfulness of values such as friendship and generosity."

Following these two obstacles at a certain distance are bad living conditions and the present social system, without any references to social phenomena such as violence, explicitly, in the responses given by those polled.

Nevertheless, and in direct relationship with the economic and social status, most of those who are "happy" are in the comfortable class, followed by the middle and low class. Only 50 percent of the latter claimed to be happy.

The saying that "any past time was better" does not seem to befit the Basque way of thinking: 42 percent claimed to be just as happy as they were 10 years ago; 24 percent are happier, as opposed to 26 percent, who note a higher degree of unhappiness at the end of the decade.

The poll has a sampling universe of 800 persons over age 18, with an error of 3.5 per 1,000. The dates on which the sample was done are from 21 to 24 September.

2909

POLL SHOWS HEIGHTENED PATRIOTIC FEELINGS

35480012a Madrid YA in Spanish 11 Oct 87 p 4

[Text] Madrid--According to the Sigma Dos exclusive poll for YA, 85 percent of Spaniards are proud of being such. Moreover, this feeling has increased considerably during the 10 years of democracy. For example, 31 percent are prouder now than 10 years ago, compared with 10.2 percent who are less so. This heightening of "patriotic feelings" is more noticeable among leftist voters. The poll analyzes two autonomous regions considered to be of special interest, the results from which assume particular significance. Whereas Catalonia shows an increase in the identification with being Spanish, the Basque Country demonstrates a division of the feelings, although, in this region, those who are proud outnumber those who lack that feeling, and this difference appears to be on a downward trend.

The Sigma Dos poll is one of the first taken on Spanish feelings, and takes place when democracy has had a decade of progress.

These past 10 years have meant that 31 percent of Spaniards feel prouder of being such, compared with 10.2 percent who feel less proud. This important conclusion from the poll is supplemented by interesting data, when the columns of age segments and those related to the direction of the vote are analyzed. Thus, those with a higher percentage of feeling "prouder" are Spaniards between ages 30 and 44; and those showing a higher percentage of waning pride are those over age 45.

As for the vote, the heightening of pride in one's own national identity occurs especially among voters of the left. Nearly 50 percent of the United Left [IU] voters are prouder of being Spanish than they were 10 years ago; whereas only 4.9 percent claim to be less so. The very same situation occurs among PSOE [Spanish Socialist Workers Party] voters: 46.5 percent prouder, and 5.6 percent less so. These data bear a direct relationship with the change in political system, and most likely with interconnected ideological changes in the leftist parties.

Very Proud

The Popular Alliance [AP] voters are those with the largest percentage finding no reason to feel prouder of being Spanish during the past 10 years. Moreover,

those who are discontented slightly exceed those who are satisfied. The former number 27.7 percent, and the latter, 24 percent. Among the CDS [Social Democratic Center Party] voters, 26.9 percent are prouder, and 13.7 percent, less so.

On the eve of the national celebration of 12 October, Spaniards are showing signs of robust health with respect to their identification with the nation itself. A total of 42.8 percent agree to be numbered among those who are "very proud" of being Spanish; while 28.2 percent are "quite proud," and 14.4 percent are "somewhat proud." In other words, 85.4 percent of Spaniards rank themselves among those convinced that one should be proud of being such. The "not very proud" number only 6.3 percent, and the "not at all proud," 4.7 percent.

Also interesting are the breakdowns by age and, even more so, by direction of vote. The proudest are those over age 45, and the most positive percentages decline with age, although they are always in the majority over those expressing disenchantment or rejection.

Political Positions

As for the direction of the vote, the PSOE voters are as proud of being Spanish as those from AP. The difference between left and right does not represent any distinction in patriotism. Of the PSOE voters, 54.3 percent are very proud of being Spanish, while among those from AP, that percentage reaches 57.3.

No AP voter claims to be not at all proud, while only a small 1.5 percent of Socialist voters hold that opinion. The percentages of "patriotism" are lower among voters of CDS and United Left, whose columns show similar percentages.

The Sigma Dos poll for YA makes two concrete studies: of Catalonia and the Basque Country. The first conclusion that becomes evident when the data on these two autonomous regions are analyzed is that both have more differences between them than similarities.

In Catalonia, there is a considerable increase in the percentage of those who are prouder of being Spaniards over the number 10 years ago. Now, 20.1 percent of Catalonians feel more Spanish.

Basque Country

In the Basque Country, the poll reflects a society that is appreciably divided, with heavy doses of an identity crisis. For example, those proud of being Spaniards (between "very" and "somewhat") account for 34.9 percent of the total; while 10.1 percent are not very proud.

The total of those claiming to be not at all proud is 21.1 percent, more than 16 points higher than the number of those taking the very same position in Catalonia.

The 10 years of democracy have not signified a heightening of the Spanish identity. Contrary to what the other Spaniards claim, in the Basque Country only 2.2 percent are now prouder of being Spanish, while 19.8 percent are more detached from their Spanish identity. Hence, the Basque Country remains a separate case, with considerable division.

Technical Record:

Universe: persons 19 years of age or older

Area: Spain

Sample: 1,000 interviews, distributed by municipalities. The maximum statistical error obtained with this sample is ± 3.2 percent, for a confidence interval of 95.5 percent, and $p/q = 50/50$; based on the Arkin and Colton tables.

Selection of sample units: using the following procedure:

Multiphase random itineraries within each zone, to determine the interview site.

Selection, also random, of the individual to be interviewed at the meeting place. This selection was complemented by the quota correction system based on sex, age, and occupation, according to the real population.

Interviews: held personally, at places selected randomly.

Control and supervision: a dual control was carried out during the field work:

Attending supervision by various team heads.

Control of data consistency through the use of the program per se.

Date of field work: 8 October 1987

Execution: Sigma Dos, Inc

Direction: Carlos Malo de Molina

Key to Tables 1, 2, 3, 4:

- | | | |
|---|--------------------------|-------------------|
| 1. Are you proud of being Spanish | 11. Very proud | 22. Prouder |
| 2. Sex | 12. Quite proud | 23. Just as proud |
| 3. Age | 13. Somewhat proud | 24. Less proud |
| 4. Recollection of vote | 14. Not very proud | |
| 5. Men | 15. Not at all proud | |
| 6. Women | 16. Don't know/no answer | |
| 7. 18-29 years | 17. Autonomous regions | |
| 8. 30-45 years | 18. Catalonia | |
| 9. 46-64 years | 19. Basque Country | |
| 10. 65+ years | 20. Rest | |
| 21. Are you now prouder, just as proud, or less proud of being Spanish? | | |

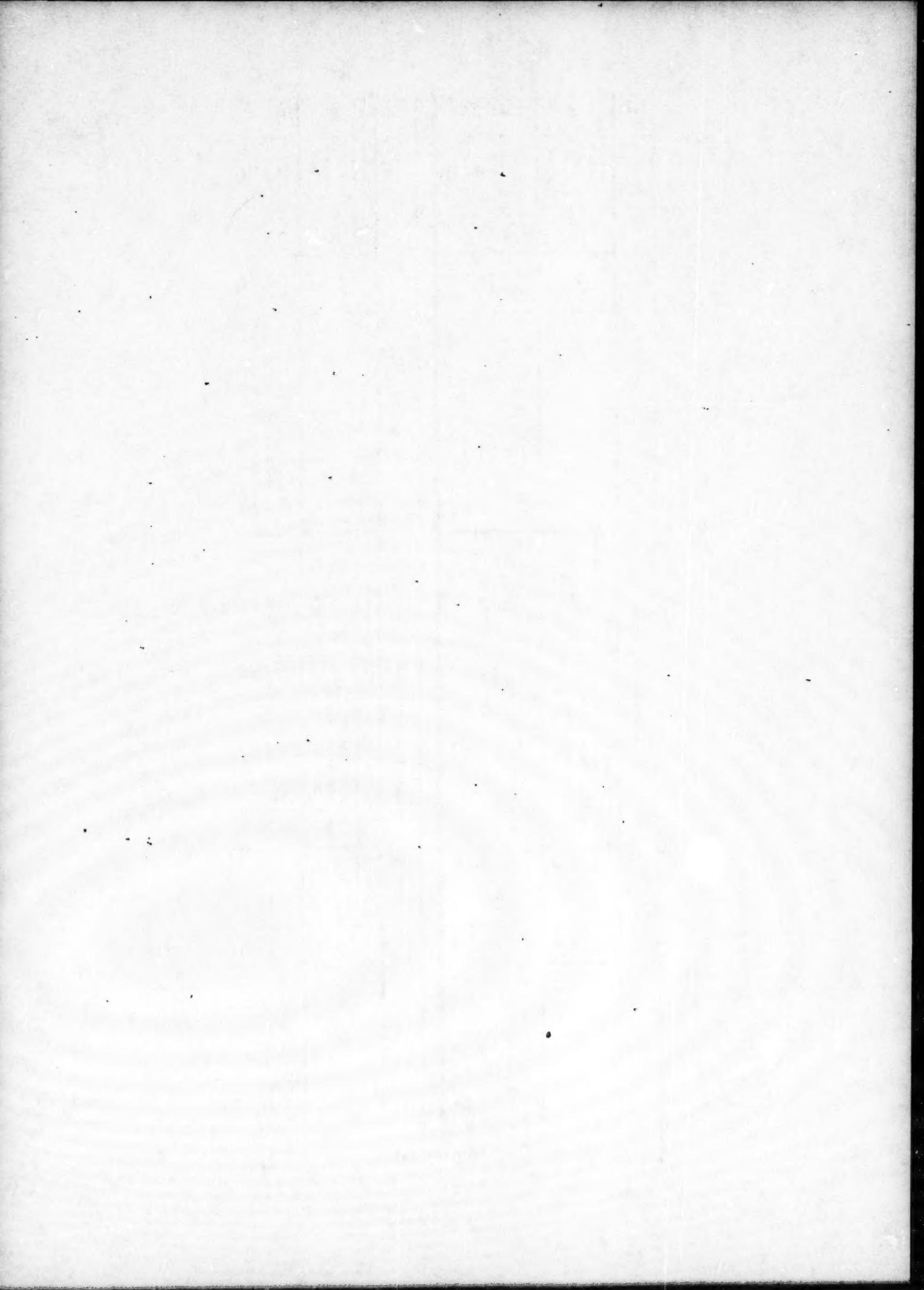
¿Se siente usted orgulloso de ser español? (1)

¿Se siente usted orgulloso de ser español? (1)										Autonomía (207)														
(1) Número de veces					(2) Total					(3) Edad (9)					(4) Estado de vida					(18) Cenitales				
Total	(5)	(6)	(7)	(8)	Total	(9)	(10)	(11)	(12)	Total	(13)	(14)	(15)	(16)	(17)	Total	(18)	(19)	Población Viva	Población Muerta				
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%					
Muy orgulloso (1,1)																								
Muy orgulloso (1,1)	42,8	40,2	45,4	28,6	38,0	50,5	57,1	54,3	57,3	36,4	38,4	38,4	38,4	38,4	42,8	13,4	10,0	51,0	10,0					
Bastante orgulloso (1,2)	28,2	26,8	29,6	31,6	30,0	24,2	28,2	31,3	30,1	35,0	38,3	38,3	38,3	38,3	38,3	28,2	21,1	14,9	30,5	14,9				
Algo orgulloso (1,3)	14,4	16,9	12,0	17,1	14,2	14,9	9,4	10,4	7,0	26,4	15,2	15,2	15,2	15,2	15,2	14,4	26,7	10,0	11,7	10,0				
Poco orgulloso (1,4)	6,3	7,5	5,0	7,8	7,1	6,8	1,3	2,5	5,6	4,4	8,8	8,8	8,8	8,8	8,8	6,3	18,5	10,1	3,4	10,1				
Nada orgulloso (1,5)	4,7	4,9	4,5	10,7	6,5	—	2,0	1,5	—	1,8	4,7	4,7	4,7	4,7	4,7	4,7	9,6	21,1	2,7	21,1				
NS/NC (1,6)	3,6	3,7	3,5	4,2	4,1	—	—	—	—	—	2,6	2,6	2,6	2,6	2,6	3,6	6,6	6,6	6,6	6,6				

¿Se siente usted en estos momentos más, igual o menos orgulloso de ser español? (21)

¿Se siente usted en estos momentos más, igual o menos orgulloso de ser español? (21)										(17)				(18)					
Igual (2)					Más orgulloso (9)					Menos orgulloso de ser (10)				Total					
Total	(5)	(6)	(7)	(8)	Total	(9)	(10)	PESO	AP	CDS	IU	%	%	%	Ciudadanos	%	%	Partido Yerno	%
Más orgulloso (22)	31,0	29,5	32,4	28,3	34,1	28,8	34,5	46,4	24,0	26,9	49,5				31,0	20,1	2,2	36,0	
Igual orgulloso (23)	55,1	54,9	55,2	57,7	54,3	56,9	48,3	47,2	51,3	58,5	45,6				55,1	63,8	63,3	53,2	
Menos orgulloso (14)	10,2	11,6	8,9	8,6	7,4	11,2	15,2	5,6	24,7	13,7	4,9				10,2	8,6	19,4	19,0	
NS/NC (16)	3,7	4,1	3,4	5,3	4,1	3,1	2,0	0,8	—	—	—				3,7	8,6	24,3	17,7	

END
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DATE FILMED

3 July 1988